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ABSTRACT

Major issues of the debate that led to the passage of an immigration reform bill are discussed and analyzed in this collection of six papers that were delivered as public lectures at Western Michigan University during the 1984-85 academic year. The essays reflect a broad range of views on the effects of immigration on the United States economy and on reform of the current system. Several of the essays debate the likely effects and hidden costs that may result from the imposition of employer sanctions, which is considered the main provision of the bill. Concerns about the effects of amnesty on the supply of workers and on the demand for public services and transfer payments are discussed by some of the authors. Whether amnesty will further encourage illegal immigration by raising expectations of future amnesties is also considered. Other topics include the effect on different sectors of the domestic labor market and the history of guest worker programs in the United States and Europe. Essays included in the volume are the following: "The Many Guises of Immigration Reform" (Susan Pozo); "Immigrants and the U.S. Labor Market" (George J. Borjas); "Can International Migration Be Controlled?" (Michael J. Piore); "The Imperative of Immigration Reform" (Vernon M. Briggs, Jr.); "The Illegal Alien Policy Dilemma" (Barry R. Chiswick); "Immigration and the U.S. Taxpayer" (Francine D. Blau); and "U.S. Immigration Policy: What Next?" (Jagdish N. Bhagwati). (KC)

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Essays on Legal and Illegal IMMIGRATION

Papers presented in a seminar series
conducted by the
Department of Economics
at Western Michigan University

Susan Pozo
Editor

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Susan Pozo

Kalamazoo, Michigan
September 1986

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The Many Guises of Immigration Reform

Susan Pozo
Western Michigan University

During the last decade, policymakers, economists, and the public at large have been engaged in a heated debate over U.S. immigration policy. On one side of the debate are those who advocate stricter limitations on immigration because, even if immigration is beneficial to some, the gain is at the expense of others. Most advocates of restrictive immigration reform argue that it is the public's obligation to protect the interests of low-skilled workers who are hurt by the entry of aliens with whom they compete directly for jobs. On the other side of the debate are those who argue that immigration can only be beneficial. By preventing the free flow of labor across national boundaries, we have little to gain and much to lose.

In all, the immigration debate is multifaceted, with nearly as many approaches to the problem, suggestions for reform, and arguments buttressing the status quo as there are participants in the debate. Both advocates of reform and those supporting the status quo make their cases in strikingly different ways. This volume, which collects six papers delivered as public lectures at Western Michigan University during the 1984-1985 academic year, reflects these many views about the effects of immigration on the United States economy and about reform of the current system.

The objective of most who advocate immigration reform is to lower the effective immigration rate—the combined flow of legal and illegal immigration. To that end, reformers emphasize eliminating—or at least reducing significantly—the current flow of illegal immigration. Although many policies have been put forward to reduce this flow, all essentially fall into one of two categories. On the one hand, policies could be implemented that increase the personal cost of migrating illegally to the United States. Alternatively, the benefits that accrue to undocumented workers could be reduced. In either case, fewer would choose to incur the costs that accompany migration.

One way of increasing the personal cost of migrating illegally would be to devote more resources to patrolling the border. Increased surveillance would raise the probability that an illegal migrant would be apprehended during crossing. Greater border enforcement may do little to deter the illegal immigrant who crosses seldom and remains for a long period in the U.S., but would increase significantly the costs to the frequent border crosser, and in particular reduce the number of commuters who live in Mexico and travel daily to jobs in the United States. (As Michael J. Piore argues in this volume, however, such a policy may paradoxically increase permanent settlement as commuters choose to remain indefinitely in the U.S. since the probability of gaining entry during subsequent crossings is decreased.)

Alternatively, detention of illegal aliens for an extended period of time would also cause the personal costs of uninspected entry to rise. Currently, an apprehended alien is simply returned to his or her country of origin. Thus, the pecuniary costs of apprehension are relatively small, consisting of one's earnings foregone during the detention period and travel. With an extended detention period, however, the pecuniary costs would be greater, rising with the length of the detention period. Jagdish N. Bhagwati makes a case for detention coupled with the development of an economic zone at the border which would provide an alternative to entering the United States.

A problem arises with the implementation of policies that increase the costs to aliens of illegal entry. The budgets of agencies that would be responsible for implementing these policies would need to be enlarged significantly. However, such an increase is politically difficult to promote, given the current need to curb government expenditures. Attention has turned instead to reducing the benefits that accrue to illegal entrants. For instance, if fines and penalties were imposed on employers who knowingly hire undocumented workers, illegal aliens would face greater difficulties and a smaller probability of finding employment. Hence the returns or benefits that accrue to illegal immigrants would fall. Presumably the number of undocumented migrants would fall along with the reduced incentives to migrate. This was the approach of the Simpson-Mazzoli bill passed by the House and Senate in 1984 but never signed into law.[1] Subsequent attempts at immigration reform have continued to focus on the imposition of penalties on employers who hire illegal aliens.

The political appeal of reforms that reduce the benefits illegal immigrants can expect suggests that the public views these policies as less costly than border enforcement policies. These perceptions may or may not be true.

How are taxpayers, employers, and consumers affected by the two alternative approaches to immigration reform? Border enforcement would presumably require a large infusion of tax dollars into the Immigration and Naturalization Service (INS) to support a larger and more effective force of border agents, and to finance the detention of illegal aliens in some humane way. Taxpayers, however, would not be spared under a system of employer sanctions. It is the consensus of most who favor employer sanctions that they be implemented hand-in-hand with a system that would allow employers to verify the citizenship or immigration status of individuals. It is imperative that this verification procedure be virtually costless to employers in order to prevent discrimination against legal aliens, such as Hispanics, who might appear foreign. Hence, if employer sanctions were imposed, a verification system would have to be financed through the tax system. Either policy, border enforcement or employer sanctions, would require large increases in the pool of revenues used to implement and enforce federal immigration law.

A further hidden cost of employer sanctions is noted by Barry R. Chiswick in this volume. Chiswick warns that employer sanctions are the equivalent of an employer tax, increasing hiring costs. Though intended to reduce the employment of illegal aliens, this policy would have the additional unintended effect of also reducing employment of low-skilled native workers.

Ultimately the economic effects of tighter border policy and penalties against employers who hire illegal aliens may in fact be identical. It may be necessary in either case for firms to alter their input mix and to change—usually decrease—their level of output. If, as some argue, there are few native workers willing to take the jobs that aliens generally hold, then imposing either restrictive policy will cause the cost of unskilled labor to rise as the flow of illegal aliens is curtailed. It follows that producing any given level of output becomes more costly. But if native workers are willing to work in jobs often held by aliens, costs are much less likely to be affected by a reduced flow of immigrants. The point is that it does not matter which of the two approaches—greater border enforcement or employer sanctions—is taken. Production costs either rise or do not depending on the availability of domestic low-skilled workers.

How then do consumers fare under the two alternatives? Depending on how the employers' costs respond to fewer aliens, consumers will either find prices of goods and services rising or remaining unchanged. If adjustments are costly and difficult to make—if in fact firms find it necessary to alter the production methods significantly due to changes in the relative prices of inputs—the reduced stock of immigrants will likely be felt by the consumer as the prices of goods and services at least partly reflect higher costs. If the firm's costs do not change as a result of a smaller stock of illegal aliens, then consumers will not see increases in the prices of goods and services. Again, it is unimportant whether the policy implemented is border control or internal enforcement. The effects on consumers are the same.

Whether in fact consumers are harmed by restrictive immigration policy, and whether employers can expect costs to increase, depends on whether illegal aliens and domestic workers are good substitutes in production. This is an issue that has received much attention but on which no consensus has been reached. The answer to this question is important not only because of the effects of immigration policy on the consumer, but because it is important to understand the implications of policy alternatives on domestic workers.

Are native workers harmed or helped by restrictive immigration reforms? If native workers and immigrants are good substitutes, then natives will be helped by restrictions as either their wages rise or their employment opportunities improve compared with a more open border policy. If native and foreign workers are complements in production then the native workers gain from the availability of more foreign workers and lose from restrictive immigration policy. If some groups of native workers are substitutes for immigrants, and others are complementary with immigrants, then the impact of immigration restrictions would be uneven, and the potential for conflict over reform great. In this collection of papers the issue of substitutability is discussed in detail by George J. Borjas. Vernon M. Briggs, Jr., develops an interesting implication of the debate over substitutability by arguing that the current immigration policy (or nonpolicy) undermines policy designed to aid minorities and the poor.

Although there are direct costs of imposing immigration restrictions, many argue that they are smaller than the costs that are imposed by the existence of large communities of legal and illegal aliens. Immigrants, they argue, participate in income maintenance programs and strain public services such as education and medical care. In addition, if immigrants and natives are substitutes in production, increased immigration may cause native workers to earn lower wages and suffer more unemployment such that more become eligible for public assistance. In sum, immigration may impose greater costs on U.S. taxpayers than is immediately apparent. Some of these issues are addressed by Francine D. Blau, who has analyzed data on the use of transfers by immigrants and natives.

The immigration debate is not likely to be concluded in the near future. There are too many opposing interest groups, too little consensus over what are the important issues, and a dearth of evidence that could be drawn upon to resolve these differences.

NOTE

1. Differences between the House and Senate versions of the bill could not be resolved.

Immigrants and the U.S. Labor Market

George J. Borjas
University of California
Santa Barbara

There has been a very rapid increase in the number of immigrants admitted to the United States in the postwar period. During the 1950-1960 decade, for example, an average of 251,500 immigrants per year were admitted into this country. This number had increased to over 390,000 per year during the 1970-1980 decade. The rapid increase in the number of immigrants has raised (again) the very old question of whether or not the U.S. benefits from immigration. Surprisingly, even though immigration has been an important part of demographic change and of population growth in the United States practically throughout its entire history, very little is known as to how immigration affects different sectors of the economy. Are workers, firms, and consumers helped or hurt by immigration?

In this lecture I would like to try to provide an understanding of what facts we need to know before we can provide a valid assessment of this important question. Despite what self-appointed immigration experts claim, existing research is so preliminary (and often so contradictory) in its conclusions that it is entirely inappropriate to make sweeping generalizations based on that literature. Nevertheless, existing research does provide valid hints and clues as to what kinds of questions policymakers should be asking in trying to assess the impact of immigration on the United States. My objective in this survey is to provide an outline of what current research has to say about this important issue: What kinds of questions are relevant and what do we know about the answers to these questions?

I should stress at the beginning of the survey that my focus is exclusively on the *economic* costs and benefits associated with immigration. This is not to say that there are not other important issues—e.g., the impact of immigrants on the political structure of governmental units of the U.S. However, most research has concentrated on the economic aspects of immigration, and this, too, will be the focus of my analysis.

There are two questions which I believe are most relevant in any assessment of the economic impact of immigration. First, how well do immigrants do in the U.S. labor market? In a competitive labor market, workers are paid the value of their marginal productivity. In other words, workers are paid the value of the contribution that they make to the firm's output. By analyzing how immigrants do in the labor market, by studying the level of immigrants' earnings and comparing them to the level of native-born earnings, we are, in effect, calculating the value of the contribution that immigrants make to national output. This research question is the one that has received the most effort from social scientists interested in immigration phenomena. A common finding in this literature is that immigrants have lower earnings than the native-born when they first arrive in this country, but that over time the earnings of immigrants grow very fast and eventually immigrant earnings actually overtake and surpass the earnings of the native-born. It is not uncommon in these studies to find that after 10 to 15 years in the U.S. the typical immigrant is earning more than the typical native-born person. These kinds of findings not only help perpetuate the Horatio Alger myth, but also have the important policy implication that immigrants, through their higher productivity, actually make a significant contribution to U.S. national product.

The second question that is relevant for an assessment of the economic impact of immigrants "twists" the first question around: from how immigrants do in the labor market, to what immigrants do to the labor market? This is probably the question that receives the most media concern. There are endless anecdotes of immigrants arriving in the U.S. and "taking jobs away" from specific groups of native-born workers. Despite the appeal of such anecdotal evidence, the fact remains that not a single shred of evidence acceptable to a social scientist even with the most liberal standards of scientific analysis has been produced substantiating these anecdotal claims. Certainly, as immigrants enter the U.S. labor market in large numbers it seems reasonable to expect that these shifts in supply would have an impact on the earnings and employment of native-born groups. As will be seen below, however, regardless of the magnitude of the shift in immigrant supply, economic theory cannot predict unambiguously the direction of the change in immigrant earnings and employment. In particular, immigrants may "substitute" for native-born workers (as the anecdotal evidence implicitly assumes) or they may "complement" native-born workers in the production process. All scientific studies of this important question suggest that immigrants have had a minor impact on the U.S. labor market, and not a single study in this literature has provided evidence of the large negative impacts assumed in media discussions of this issue.

It is my contention that no valid assessment of the economic impact of immigration in this country can be made unless we can provide measures of the dollar costs (or benefits) associated with each of these two issues. In the remainder of this lecture I will summarize the current state of knowledge in each of these questions, and, with some luck, raise some doubts as to how much we really do know about any of these important policy issues.

The Earnings of Immigrants

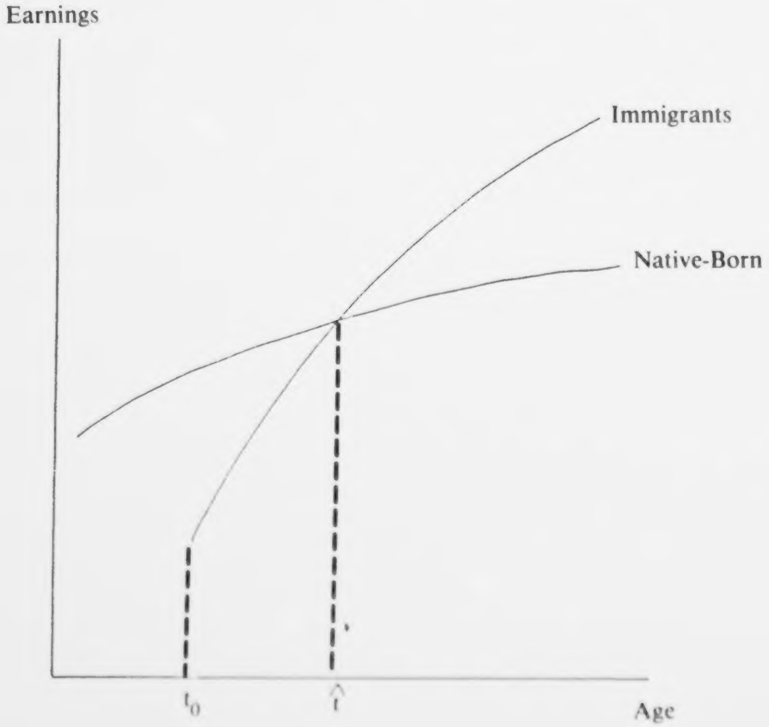
How do immigrants do in the labor market? This question, by far, has dominated most of the empirical research in the immigration literature. To address this problem the researcher must simply compare the earnings of the native-born with the earnings of the foreign-born. In principle, therefore, it is a trivial exercise. Despite the simplicity of this task, however, the first such study in the modern literature did not appear until 1978 when Barry Chiswick published an influential paper on the "Americanization" of immigrant earnings. Using the 1970 Census cross-section, Chiswick's analysis revealed two major findings:

1. The earnings of recently arrived immigrants are significantly lower than the earnings of immigrants who have been in this country for longer periods; and

2. After 10-15 years, the earnings of immigrants overtake the earnings of the native-born, so that earlier waves of immigrants are valued more by the U.S. labor market than the native-born population.

The thrust of these findings is illustrated in Figure 1. The typical native-born age-earnings profile is upward sloping throughout much of the working life cycle. The typical immigrant migrates at age t_0, and at that time his earnings are significantly lower than those of the native-born population. Over time, however, the earnings of immigrants rise at a significantly higher rate than those of the native-born (as indicated by the steeper slope of the age-earnings profile of immigrants in Figure 1). The difference in these slopes leads to

Figure 1
Immigrant and Native-Born
Earnings Profiles



an overtaking age of $\hat{t}$, which Chiswick found was 10-15 years after age t_0. Thus for a large portion of the life cycle Chiswick found that immigrants had higher productivity—and hence were valued more by the U.S. labor market—than the native-born population. This remarkable finding gave birth to the current conventional wisdom that immigrants assimilate quite well in the United States.

These results have a great deal of appeal to labor economists trained in the human capital tradition since human capital theory can be easily invoked to explain (part of) these empirical regularities. In particular, persons immigrating to the United States for "economic" reasons have strong incentives to devote a large fraction of their effort and time to the process of accumulating human capital or skills valued by U.S. employers. These incentives are, of course, created by the fact that the typical immigrant incurred substantial costs in immigrating, and the returns to these investment costs can only be obtained through high earnings in the U.S. labor market. These high human capital investment volumes explain why immigrants' earnings rise at a faster rate than native-born earnings. They do *not,* however, explain the existence of an overtaking age since there is no obvious reason why the *total* stock of human capital should be greater for immigrants than for the native-born. To explain the overtaking point Chiswick introduces the *deus ex machina* of "selection biases." That is, for reasons that are not well understood, the immigration policies of the United States (as well as the emigration policies of sending countries) combined with the economic incentives motivating individuals to migrate lead to an immigrant population that is, on average, "better" than the native-born population. This greater quality (in terms of earnings potential) of immigrants is, therefore, responsible for the fact that over a large portion of the working life, immigrants apparently have higher earnings than the native-born.

An extensive literature developed following the appearance of Chiswick's paper. This literature borrowed both the conceptual framework and empirical methodology of Chiswick's analysis, and, by and large, concluded that Chiswick's results were quite robust. Cross-section studies of immigrants by sex, by national origin, by race, etc., all led to the same essential finding: after a period of adaptation (or assimilation) immigrants do quite well in the U.S. labor market.

A recent paper of mine (Borjas 1985a), however, questions the validity of this finding. The fallacy in the Chiswick-type literature is its use of cross-section data sets (a "snapshot" like the U.S. Census) to explain the dynamic series of events which we call "assimilation." In other words, it is incorrect to study how different immigrants do (in terms of earnings) at a given point in time, and to infer from that how the earnings of a given immigrant grow over time. There are two serious biases which destroy the validity of this inference. The first of these biases arises from the fact that many immigrants eventually return to their country of origin. Estimates of the emigration rates of the foreign-born population in the United States range from 20-30 percent. It is unlikely that the incidence of emigration is distributed randomly in the immigrant population. Instead, immigrants who emigrate are likely to leave the U.S. for specific reasons. One such possibility is that things simply did not work out for them in the U.S. labor market. In a sense, then, the "failures" leave the United States. If so, the earlier waves of immigrants will be composed only of "successes," while the more recent waves contain both "successes" and the "failures" who will eventually leave. This kind of sample composition will clearly lead to the result that earlier waves of immigrants earn more, on average, than the more recent waves *even if no assimilation truly exists.*

The second problem with the cross-section results is the implicit assumption that different waves of immigrants are identical in average quality (even if there were no emigration). This hidden (and heroic) assumption forces the reader to believe that the quality of immigrants who arrived in the U.S. in the 1940s is the same as that of immigrants who arrived in the U.S. in the 1960s and in the 1980s. The fact that U.S. immigration policy went through a major revision in 1964 is enough to make an analyst aware of the implausibility of this kind of analysis. In addition, however, political and economic upheavals in sending countries have clearly had an impact on the size, on the racial, and on the national origin composition of the immigrant flow to the United States. If these events have led to a decline in the quality of immigrants admitted to the U.S. in the postwar period, the Chiswick-type cross-section result of Figure 1 would again be generated since earlier waves would be expected to have higher earnings than the more recent arrivals.

In my 1985a paper, I address this problem by conducting a joint analysis of the 1970 and 1980 U.S. Censuses. If the cross-section studies are right, specific cohorts of immigrants (e.g., Cubans who arrived in 1965-1969) should do substantially better in the 1980 Census than in the 1970 Census. In fact, they do not. The tracking of a large number of immigrant cohorts over the 1970-1980 period reveals that, in most cases, the cross-section studies greatly overstate the actual improvement that took place in immigrant earnings during that time period. Hence the reason that earlier waves of immigrants earn more than the recent waves has little to do with the assimilation stories that dominate the literature. Rather it has to do with the fact that there has been a precipitous decline in the quality of the immigrant pool admitted to the U.S. in the postwar period.

There still remains the question, however, of what policy implications, if any, are suggested by this revisionist view of

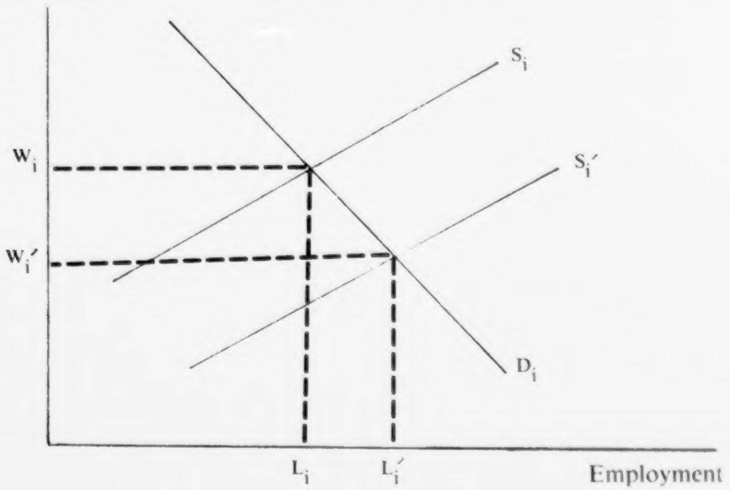
Figure 1. Clearly, my results imply that the productivity of immigrants has fallen over time. Yet, one can still ask: So what? Is this secular decline in quality a good or a bad thing? I do not know the answer to this question. Since the industrial structure of the U.S. economy has changed rapidly since 1940 (and will likely continue to change) it is unclear that we need 500,000 professionals immigrating to the U.S. every year. My results must, therefore, be interpreted in the context of the kinds of jobs that are being generated by the U.S. economy and not simply on the qualifications of the new entrants.

The Impact of Immigrants

A complete assessment of the relationship between immigrants and the U.S. labor market requires knowledge not only of how they do in the labor market, but also of what they do *to* the market. In other words, what is the impact of immigrants on the earnings and employment of the native-born population?

It is easy to show that, despite the deeply held (and almost religious) beliefs of many analysts who have studied this question, theoretically it is impossible to predict whether immigrants diminish or expand native-born employment opportunities. Consider Figure 2. The first graph describes the labor market facing immigrants: S_i is the supply curve of immigrants and D_i is the demand curve for immigrant labor. In a competitive labor market, the L_i immigrants employed would earn earn W_i dollars. Suppose now that a political crisis abroad leads to a sizable increase in the number of foreign-born persons in the U.S. This crisis shifts the supply curve for immigrant labor from S_i to S_i', and, as expected, even though more immigrants are employed in the new labor market equilibrium (employment is now given by L_i'), the wage each immigrant gets is reduced to W_i'. In a sense, immigrants compete for jobs with themselves, and hence an in-

Figure 2
Immigrant Labor Market



Native Labor Market

(Assuming immigrants and native-born are substitutes)

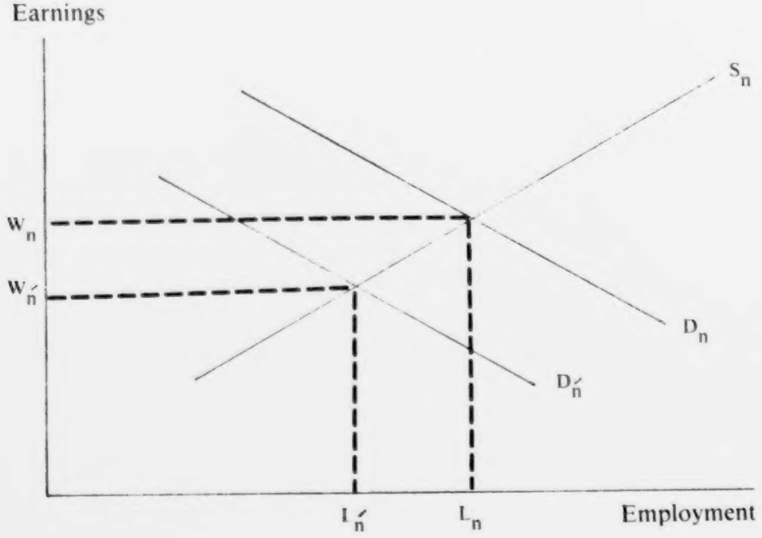
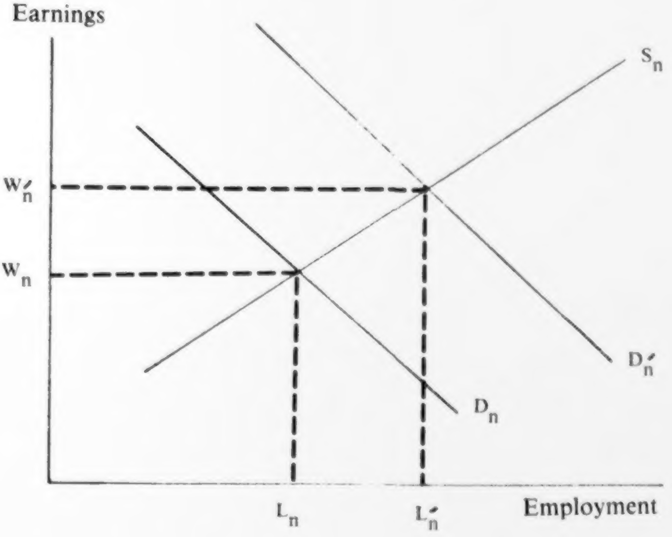


Figure 2 (continued)
Native Labor Market
(Assuming immigrants and native-born are complements)



crease in the supply of immigrants must (in this simple model) lead to reduced earnings opportunities for the entire immigrant population.

The second graph of Figure 2 illustrates the impact of the increased supply of immigrants on native-born earnings and employment if it is *assumed* that immigrants and native-born workers are substitutes in production. The curves S_n and D_n are the initial supply and demand curves of native-born workers. The shift in the supply of immigrants will likely have an impact on the demand for native-born workers. It is often claimed—usually without any evidence—that immigrants and native-born workers compete for the same kinds of jobs. Economists define this situation as one in which immigrants and native-born workers are substitutes in production. That is, both foreign- and native-born workers do the same kinds of jobs and hence the demand for native-born workers will fall to D_n' when the supply of immigrants increases. This shift in demand will lead to less native-born employment and to lower native-born wages. In a sense, the fact that immigrants and native-born workers are alike—i.e., are substitutes in production—implies that the entry of new immigrants reduces the productivity of the native-born population and hence reduces W_n. This is, of course, the typical assumption in discussions of this issue both in the media and in many academic articles.

There is, however, an alternative assumption that on *a priori* grounds is equally valid: immigrants and native-born workers are *complements* in production. This kind of technological relationship arises, for example, when an illegal alien mows the lawn at my house. We both gain: he gets a job and a salary, and I get to devote my time to research. In this scenario, the productivity of the native-born population increases when new immigrants come in. As illustrated in the third graph of Figure 2, this leads to an upward shift in the demand curve for native-born labor *increasing* both native-born employment and earnings.

To repeat, it is theoretically impossible to predict whether immigrants diminish or expand the employment opportunities of the native-born. The direction of the impact of immigrants on the earnings and employment of the native-born is *entirely* an empirical question and can be settled only by reference to available data.

A few papers have attempted to conduct empirical studies of this issue. (See Borjas 1983, 1985b, 1986; Grossman 1982.) The methodology in these studies is based on the insight that a few labor markets (or SMSAs) traditionally receive most of the immigrant labor. Hence the comparison of earnings levels in these labor markets with the earnings levels in labor markets with relatively few immigrants should reveal the direction of the shift in the demand curve for native-born labor. The results from the studies are summarized in Table 1. This table presents the estimated percentage impact of native-born earnings (by type of native-born worker) if the (white) immigrant population were to increase by 10 percent. Table 1 reveals numerically trivial impacts. The earnings of white native-born workers are reduced by only 0.2 percent, while the earnings of black native-born workers increase by 0.2 percent. These numerically trivial effects suggest two important findings: First, the issue of whether the demand curve shifts up or down is somewhat irrelevant. Immigrants have practically *no* impact on the demand curve for native-born workers. Second, the many discussions that implicitly assume a high degree of substitutability between immigrant and native-born labor are far off the mark. These discussions are not only misleading and dogmatic, but are also erroneous.

Table 1
Estimates of Impact of Immigrants on Earnings of Native-Born

Type of native-born worker	A 10 percent increase in the number of white immigrants reduces or increases the earnings of native-born workers by:
White	-.2%
Black	.2%
Hispanic	-.1%
Asian	.1%

SOURCE: Borjas, 1985b.

It should be stressed, however, that this type of study is still in its infancy. Many more empirical studies of this type are required before these results can form the basis for informed policymaking. Nevertheless, the few studies that do exist, using different data and methodologies, cannot find *any* evidence of sizable negative impacts. And this finding, in light of the discussions that dominate the literature, is quite a surprise.

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Can International Migration be Controlled?

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I began working on migration in 1972 after spending a year and a half in Puerto Rico. When I came back to Boston at the end of that period it seemed to me that all of a sudden there were Puerto Ricans all over Boston. I wasn't sure whether that was an illusion on my part that came from a sudden, heightened consciousness about Puerto Ricans in general, or whether indeed, there had been a new migration of Puerto Ricans to Boston. So I began to investigate the origins of the Puerto Rican community in Boston.

In the process, I actually found the origins of the Puerto Rican community in Boston. I went into one factory where the employer pulled off the factory floor a gentleman who said he had come to Boston in 1954. I asked him how large the Puerto Rican community was in 1954 and he said, "Well let me see. There was Juan, Jose . . ." and he named eight people. But, I also found that the Puerto Rican community in Boston, while a lot larger in 1972 than eight people, was also not all Puerto Rican. Indeed, a large number of the people who claimed to be Puerto Rican, or who at least were presented to me as Puerto Rican, actually came from other parts of the Spanish speaking Caribbean and many of them were in the United States illegally.

At that time immigration was not a very much talked about phenomenon, but since then, especially since 1972, it has become a focal point of public policy. In the last ten years it appears to have gained a permanent place in the public policy agenda. We have just gone through a long debate over what is the latest piece of immigration legislation, the Simpson-Mazzoli bill. While that legislation was defeated, or at least tabled, it is almost certain that there will be another piece of immigration legislation in the coming Congress. So it is largely to that debate, raised by the immigration reform legislation, and in light of a series of research projects that began with that study of Puerto Rican migration but extended from there to the issue of migration in general, that I would like to address my remarks.

The Illegal Immigration Problem

The central concern in the public debate has largely been clandestine immigration. Estimates of the number of people in the country without proper documents range from 3 to 12 million.[1] Interestingly enough, those figures—the 3 and the 12 million—have remained constant over the ten-year period. Most of these people are here to work, hence the notion that they take jobs from Americans. The rhetoric of the immigration debate implies that, in addition, the existence of so many people here in direct contradiction to announced public policy, represents a threat to the general social order and hence to the safety and security of the rest of us. Their ambiguous legal status certainly places the people themselves in a precarious social position. It makes it difficult to educate their children, to obtain the protection of labor legislation in the workplace, or off the job to obtain protection from the abuses of landlords, moneylenders or the wrath of angry relatives and neighbors or rejected suitors, all of whom can at any moment in time turn them in to the immigration authorities.

The dominant view about this immigration appears to be that the immigrants are driven by a desperate attempt to escape the poverty and depression of their own countries, which constitutes an inexorable force driving them towards the United States. This view is not always made explicit but it underlies the continual reference to the economic conditions in places like Mexico, to the population pressures in the underdeveloped world, and to the high unemployment rates or so-called underemployment in these areas. Given the fact that the United States is surrounded by poverty, it implies that we will be inundated with immigrants. When figures about income levels and population growth along our southern border are presented in combination with the figures about the numbers of clandestine immigrants already here, it seems that we are already being inundated.

Alternative Policies to Control Illegal Immigration

This notion of the immigration process invites a policy of massive retaliation. To halt the invasion in this way, one would have to control the two major streams of clandestine immigration. One of those streams consists of people who enter without inspection, that is, basically, cross the border. The second group consists of a group called "visa violators" who enter with documents, largely tourist documents but some student visas, and then violate the conditions of those visas either by working while they are here or by staying after the visas have expired.

Border Control: In principle, true border control is probably possible. The U.S.-Mexican border is very long, but most of it consists of desert which is difficult to cross and easy to police with aerial equipment. Most of the entry occurs in large urban areas. The present border control force is small. As the former Labor Secretary, Ray Marshall, was fond of pointing out, the border patrol, in fact, is smaller than the Capitol Hill police force. Current smuggling operations are relatively primitive and unorganized. More resources alone would go a long way to counter those operations.

On the other hand, the whole nature of the immigration process undoubtedly changes under the impact of a massive control operation. There would be an escalation both in the technology and the organizational efforts on the other side of the border and probably a change in the locus of entry. Border patrol would thus undoubtedly be considerably more expensive than it appears to be at the current time. The final cost in terms of resources, not to mention human rights, could be quite large. But in my own judgment, if the control activity were done with a well-conceived and carefully implemented organizational structure, that is to say, if it were not done in panic, it could probably be pulled off.

Visa Controls: Visa violations, on the other hand, are a good deal more difficult to control. Almost all visa violators come to the United States for ostensibly legitimate reasons: to visit relatives, for tourism, shopping and for education. Attempts to curtail visa violations by tightening up the procedures through which visas are granted inevitably interfere with these processes in very serious ways. The consulates who issue visas are overworked and understaffed and could easily absorb more resources. But it is not clear that more resources alone would solve this problem. Resource constraints seem, in fact, to be one of the major factors controlling the number of visas actually issued at the moment. More resources would probably make the process fairer, but might actually increase the flow. It is very difficult to judge the actual motivation of an applicant, and since many of those who eventually violate their visas have legitimate reasons for visiting the United States and may not even contemplate visa violation in advance, it is not clear that the process could be fully controlled in this way. I think it is important to note that a lot of students who end up violating their visas really do come here for education and change their minds only after they get here about whether or not they want to stay. That's probably even more true of visitors who come from foreign countries to visit friends and relatives and then somehow stay longer than they intended, getting a job to finance their extended stay.

Employer Controls: The difficulties of direct control, the hopelessness of controlling visa violation, and the cost of border control have forced attention on a third proposal—employer liability. By a quirk in the immigration legislation employers are in no way responsible for checking the legal status of their employees. Reformers have argued—and this is one of the central provisions of virtually every bill that has been proposed, including the Simpson-Mazzoli bill—that if employers were made responsible for verifying the legal working status of employees, the jobs which are the chief attraction for the immigrants would be cut off, and immigration would dry up.

It is probably true that this would be the case, but job control is no panacea. The exact nature of present employers' liability has been somewhat distorted by the advocates of this reform. Employers are not, it is true, liable for having undocumented workers on their payroll, but they are liable if they actively and knowingly engage in recruitment. Such recruitment has at times been fairly widespread although very circumspect. The immigration service has not been very successful in developing cases against this kind of recruitment, largely because such cases are difficult to prove without extensive investigation which the Immigration and Naturalization Service (INS) does not have the resources to conduct. More stringent forms of liability would reduce the investigative burden, but only marginally.

For really effective enforcement, employers would have to have some means of verifying the status of the job applicant. This would necessitate a national identity card which poses apparently insurmountable civil rights problems. Such a system would also be very expensive. Budget estimates run to several billions of dollars. By themselves, therefore, employer sanctions are unlikely to have much of an effect one way or another. To be effective they would require a massive infusion of resources for the immigration service. These resources would be almost as effective under present legislation if they were devoted to investigations and Immigration and Naturalization Service raids of existing employers, but we have consistently judged the cost of all these activities to be too great. Thus, there is a sense in which the flood of immigrants, which the conventional view predicts, seems inevitable. American culture seems doomed to either drown in a sea of foreign languages and alien customs, or to degenerate as the immigrants drive down our standard of living and we divert increasing resources to securing our borders and make progressive compromises on our basic human values in order to keep aliens out.

Fortunately, however, there is very little evidence to support the theory which underlies the conventional wisdom. It seems logical that the income gap between the United States and the underdeveloped world should be the basic governor of the immigration process. But that does not, in fact, seem to be the case. The migrants are not coming from the poorest countries in the world and they are not coming from the poorest regions in their countries of origin. This remains true even when some effort is made to correct the figures for the cost of transportation or even information about job prospects. Mexican migrants to the United States, for example, come from places like Jalisco in the middle of the country and from Mexico City, not from the relatively poor Yucatan. The poorest country in the Western Hemisphere is Haiti. It has been the poorest for many, many years, but until quite recently Haiti was not a principal source of migrant workers and historically and to a lesser extent even now, the Haitian migration is primarily composed of the relatively well-to-do and well-educated middle class.

Conventional Migration Theory Fails to Explain Present and Past Rates of Immigration

Any theory of migration must explain its timing. The current wave of clandestine migration is recent. It dates from the late 1960s. A large income differential between the United States and the countries of origin has, however, always existed and if anything has probably been narrowing over the last ten years. Nor is it possible to account for the recent migration flows through other changes in the cost differential. Transportation costs, for example, have been remarkably stable over long periods of time. The cost of air transportation from the Caribbean in the early 1970s (and that's the period when immigration seems to have really begun) is approximately the same percentage of the unskilled worker's weekly wage as the cost of steamship passage from Italy in the 1880s.

Insofar as I can judge from talking to immigrants, the immigration process does not work as the conventional wisdom presumes because the potential immigrants view the United States much as Americans view the immigrants. The immigrants are deeply attached to their language and culture and strongly rooted in their own communities where they feel comfortable and at home. They find American society cold and alien, strange, lonely and frightening. Their migration is thus not a sign of the special attraction of the United States, but paradoxically of a commitment to their home community. Generally, they have some particular project at home which motivates the migration process: Landholdings which they would like to expand or improve, agricultural equipment or livestock they plan to purchase, an interurban taxi or hack, a small store, in some areas a piece of industrial equipment for a home factory. Their notion is to come to the

United States temporarily, work hard for a relatively short period of time, and then return home using the accumulated earnings to finance their project.[2]

This, incidently, is true not just of the current migration, but it has been true historically as well. Late nineteenth century migrants from southern and eastern Europe seem to have come from areas of small land holdings where projects to expand or improve agriculture were widespread among the peasantry. The rates of return or rate of emigration among these early migrants were quite high, overall 32 percent of all immigrants between 1908 and 1910 (a period for which we have complete figures) returned.[3] For some groups the rate was much higher. Sixty-three percent of northern Italian migrants to the United States and 56 percent of the southern Italians, for example, went home in that period. The fact that immigrants are motivated in this way limits the range of jobs for which employers find them attractive. They're not attractive for jobs to which adult national workers normally aspire. Such jobs require a long-term commitment on the part of the labor force, high levels of education, training and experience, and a stable regular labor force commitment.

The Secondary Labor Market As an Explanation for Immigration

Thus, the immigration process tends to be governed by, and respond to what we call the secondary sector of the labor market—jobs which are relatively low paying, insecure, have menial social status, and lack any career advancement. Such work is not attractive to committed national workers precisely because it has no future and adds little to the self-definition and esteem of those who perform it. The immigrants are undeterred by these same characteristics because they view their stay as temporary. They plan to leave before they are laid off. They do not think of themselves as staying long enough to take advantage of career opportunities and they obtain their self-definition from the work they perform at home. Since it is the jobs in the secondary sector for which migrants are an attractice source of labor, it is these jobs which control the immigration process.

We do not know why the economy generates secondary jobs. A good many of the jobs which clandestine immigrants now hold were previously held by other migrant groups: first, by foreign immigrants from southern and eastern Europe and subsequently black workers migrating from the rural south. The new immigration dates from the late 1960s when unemployment, under the impact of the Vietnam War boom, reached extremely low levels. In this period, the labor reserves in the rural south were virtually exhausted and the black labor force became dominated by a second generation which had grown up in the cities. Case study evidence suggests that this new generation, whose attitudes were crystalized by the civil rights movement, were increasingly perceived by employers as intractable and difficult, if not actually dangerous, to manage.[4] Faced with a general labor shortage and a great distrust of the existing workforce, businessmen thus began to look around for new sources of labor and they found them increasingly among foreign workers. In a number of cases the employer's efforts seemed to have been deliberate and purposeful, but they went largely unnoticed as policy focused on obtaining higher levels of jobs for blacks. In some cases businesses actually seemed to have recruited from abroad, and this was the origin of the new migration stream.

The character of an immigration stream does not, however, remain static. It changes significantly over time. Most early immigrants plan to stay only temporarily, but many end up staying longer than they intended. Some of them eventually settle permanently in the United States. Even those who finally do return often have children who grow up in the United States, cut off from their parents' country without the cultural and linguistic ties that bind their parents to the place of origin. The long-stayers and their children form a permanent settlement whose members, especially in the second generation, have needs and aspirations which parallel those of the U.S. nationals. Indeed, for practical purposes, many are U.S. nationals whatever their legal status. Return is not a viable option.

Once a permanent community forms in the United States the character of the new migrants also begins to change. It becomes feasible to move to the United States and settle permanently without experiencing the cultural alienation and strangeness which deters this kind of migration in the beginning and more people begin to do so. Thus, an immigration process which begins initially as essentially complementary to the needs and aspiration of U.S. nationals generates over time a second generation and a growing group of first generation immigrants who are in competition with American nationals for stable career jobs.

Where are we in this process at this time? If the recent wave of immigration began in the late 1960s, it is now almost 20 years later. The country has accumulated a substantial reserve of undocumented immigrants and the original fluid immigration stream has begun to solidify. Most of the public discussion seems to presume that this is the case. People talk as if time alone makes this problem more and more pressing. But here too, this is by no means clear. The initial upsurge of immigration in the late 1960s was a response to two factors: an unusually tight labor market with levels of unemployment much lower than any experienced since, and a relatively sudden shift in the character of the black labor force, who had previously been staffing secondary jobs. The vacuum that this created at the bottom of the labor market, into which the new immigrants were pulled, could not have been greatly expanded since that time and with rising unemployment may actually have shrunk. In the last five years there has also been a substantial infusion of refugees. The refugees have moved into jobs very comparable to those held by undocumented migrants. But, the refugees have a permanent commitment to the U.S. which the migrants do not and undoubtedly push many of the migrants out. However settled the original migrant communities have become, we know from case studies and anecdotal evidence that the numbers who are temporarily here, remain substantial.[5] Because these people are here to save money they are not interested in waiting out unemployment. They do not stay in the United States. If jobs are unavailable they go home. Indeed, as one migrant commented, "It is not worth my while to stay here if I can't hold at least two jobs." At their core, the immigrant communities may now be sufficiently solid to resist the pressure of unemployment and the competition of the refugees, but there is still a wide periphery of workers who must have responded to the changing economic conditions and the new competition by leaving the United States.

Economic troubles in Mexico are thought to be augmenting undocumented migration, but this presumption is also dubious. Nobody seems to have argued during the Mexican oil boom of the late 1970s that the undocumented migration from that country diminished. If the boom did not diminish the migration, it is unclear why the bust should augment it. However bad things are in Mexico, one can probably do better there surrounded by a family and embedded in a community network than in the United States without a job and ineligible for unemployment insurance or social welfare. In any case, much of the argument applies to economic refugees from Mexico, as it does to political refugees from Cuba, Asia, and El Salvador. To the extent that they have a stronger motive to stay in the United States, they're likely to replace temporary migrants from other countries in the hemisphere. This displacement effect undoubtedly operates least effectively in the West where Mexicans predominate, but strongly in the Midwest and the East Coast where Mexicans are only one of an immense number of different national groups which make up the immigrant population.

Finally, what is almost never recognized in assessing the evolution of the clandestine immigration population is that a very large proportion of those people who do settle permanently manage to legitimize their status. The official immigration system in the United States operates through a system of equity, or preference, to give enormous weight to family reunification. The spouse, parents, and the children under the age of 21 of U.S. citizens are admitted outside the official immigration quotas. The preference system allocates 20 percent of the overall quota of 270,000 immigrants to unmarried sons and daughters of U.S. citizens, 26 percent to unmarried sons and daughters of permanent resident aliens, 10 percent to married sons and daughters of citizens and 24 percent to brothers and sisters of citizens. Very few people develop a desire to settle permanently in an area without developing the social and family ties which would eventually qualify them for a permanent immigration visa under one or another of these various family unification provisions. In addition, the wives or husbands of U.S. citizens come in outside the quota system altogether. Most visa violators come to the United States as family visitors with exactly the kinds of ties which would permit them to legitimize their status initially. It is common practice for undocumented aliens to apply for official admission, come to the United States, live and work clandestinely while their application is pending, and then return home when it comes through to pick it up at the office. In this way, documented and undocumented migration are intertwined and the pool of undocumented workers is continually diminished by official migration.

The estimates of the stock of undocumented migrants have, as I said at the beginning, remained constant. That is, the range has always been three to twelve million over the whole course of this debate. It is generally supposed that this is due to the width of the range and that the true figure has moved up over time. Given rising unemployment, the competition of refugees, and the processes of legitimization through official immigration, however, the true figure might as well have actually declined. It is in the nature of this process that we can never know what the true figure is because, obviously, clandestine migrants are not volunteering information about their presence in the United States.

Immigrant and Native Workers: Two Case Studies

What does this alternative view of immigration imply for public policy? The major concern of public policymakers is the threat which immigration poses to income and employment opportunities of American nationals. In the conventional understanding, the immigrants constitute a generalized threat. In the process just sketched out, the threat is much more limited and confined. The immigrants, at least in the early stages of the process, do not threaten the employment opportunities of permanent adult workers, particularly those in jobs requiring a long-term career commitment. Indeed, insofar as a certain amount of menial, unskilled and unsecured workers are necessary to sustain stable, long-term job opportunities, the immigrants may actually complement these types of national workers. The competition occurs between the immigrants and other marginally committed labor force groups, particularly youth and secondary women workers whose primary commitment is to home and family responsibilities. Even that kind of competition is difficult to assess. The nature of the labor force commitment of these groups is in itself ambiguous. The jobs at stake are, moreover, in competition with foreign producers and any attempt to replace the immigrant labor force with nationals might simply drive the work abroad.

The difficulties for analysis and policy are illustrated by two studies of New York City industries, one by Thomas Baily (1985) of the New York City restaurant industry, the second by Roger Waldinger (1985) of the New York City garment industry.

The Restaurant Industry: In the restaurant industry, immigrants tend to be concentrated in a distinct sector of ethnic restaurants owned and managed by immigrant entrepreneurs. This sector coexists with two other sectors—the fast food sector typified by McDonald's, which is staffed primarily with young part-time workers, and full service restaurants owned by American nationals who employ some immigrants but also a certain number of nationals. Baily argues, on the basis of a comparison with other cities which have much smaller immigrant groups, that the competition between immigrants and nationals is not a direct one, but occurs through the relative sizes of these different sectors. Without the immigrants, he argues, the fast food sector would be much larger, McDonald's would substitute for the Greek coffee shop at the bottom of the price line, and limited menu steakhouses would substitute at the top. This is partially a substitution of youth for immigrant labor. However, a good deal of the fast food operation is industrial. The food and equipment are prepared in remote manufacturing establishments. These establishments tend to offer relatively unskilled jobs which are accessible to immigrants. These jobs have schedules and locations which are not attractive to the youth. The manufacturing activities can, moreover, be easily performed abroad. Clearly, the jobs lost by immigrants would not be converted to youth restaurant jobs on a one-for-one basis. It is not completely clear that youth could be attracted to fill every new restaurant job created by curtailing immigration. The restaurants in the nonimmigrant cities which Baily examined have a dispersed population and a largely family clientele. They are located near the youth which they employ. New York City restaurants have a professional and business clientele in the center city, remote from the residence of young workers.

The Garment Industry: Employment patterns in the garment industry are equally complicated and ambiguous. Waldinger argues that the industry in New York also caters to a particular segment of the national market. It concentrates upon the production of short runs of specialty items for a spot market. It therefore needs the large flexible sources of labor which the immigrants provide. The immigrant communities also provide a certain skill continuity which is otherwise difficult to maintain and which is particularly important given the type of production in which the city specializes. Outside the city, production is of a very different sort. It consists of much longer runs of the products which are more standard and/or are ordered in advance. For example, highly stylized dresses are produced in New York City, while more standardized items such as blue jeans are produced elsewhere in long-run operations. The first order of standardized garments for the season will be produced outside New York. But there will be last minute spot orders which need to be filled on short notice. These are generally produced in New York itself along with specialized orders. The long-run type of production was originally done in New York, but because it requires fewer skills, benefits from large production facilities, and supports the time delays involved in remote production, it moved out of the city during the postwar decades, first to rural areas in the U.S., and then abroad.

With the new immigration, some long-run production has come back to New York City. It is difficult to imagine the garment industry without a fashion center like New York and the spot market segment of the industry which resides there. New York's chief American competitors are Miami and Los Angeles, both of which use a similar immigrant labor force. Without any immigrants the whole industry might move abroad. The recent return of long-run production to New York City has been, at the expense, in part, of farm wives in rural Pennsylvania, upstate New York, and the south, and in this case the immigrants do compete with American nationals. But it has also been at the expense of foreign production, and the domestic production which moved to New York might otherwise have moved to those foreign locations. The significance of the jobs lost to the farm wives is also debatable. Before the factories moved into these areas, most of these women had never considered working. The rural labor force was a creation of the employers, in much the same way the immigration labor force in the city is the product of employer recruiting.

To summarize, it is not clear that prohibiting the employment of immigrants in these industries would necessarily increase employment of native workers. Immigrants readily substitute for a marginally committed and less skilled labor force. Employers appear reluctant to hire the mostly younger and less skilled native workers. It is likely that reducing the availability of foreign workers would only induce these employers to relocate their firms abroad.

Policy Prescriptions

Taken together, these considerations lead me to conclude that the concern which has motivated current legislative proposals is misplaced and the legislation itself is ill-conceived. We ought, I would argue, nontheless, make an effort to limit and control the immigration process. The reason for doing so is that over a very long period of time immigration does have the capacity to erode the employment opportunities of national workers, and because generally, a tight labor market in which labor is in short supply is more conducive to social progress than a loose one.

Limit Immigration by Improving Working Conditions: The best way to limit immigration, however, is by direct control over employment conditions, by raising wages and improving working conditions of the jobs to which immigrants are attracted in the hope that this will eventually attract national workers in their place. Policy instruments for doing this are available in our labor standards legislation and the National Labor Relations Act. I would, therefore, rather devote the resources we are currently talking about diverting to the enforcement of immigration legislation to enforcement of these pieces of labor legislation, and legislate reforms which would raise the minimum wage, facilitate union organization, tighten health and safety standards, and the like. I prefer this policy to tighter immigration policy because, in general, I think it is more humane—more consistent with the preservation of and respect for human rights—to control jobs rather than to control people.

I also think that the immigration debate tends to become entangled in feelings of xenophobia and racism, which obscure the underlying economic interest at stake. As a result, we are systematically led to pass legislation, which when we see what its true economic costs are, we are unwilling to enforce. A debate which focuses on the minimum wage and labor standards legislation makes these costs much more salient in the public policy debate. I take it as axiomatic that if we are unwilling to support legislation which directly raises the cost of labor we will be unwilling to enforce immigration legislation which has the effect of doing this indirectly by removing the foreign labor force. It is a consistent part of this policy not only to enforce labor standards directly, but also to combine that kind of enforcement with enforcement of immigration legislation through periodic inspection of establishments known to employ clandestine immigrants so as to regularly vacate the jobs, open them up to nationals and test their desirability. The decent way to do this would be to inspect worker documents and inform the employer of all employees without proper documents and to hold the employer liable if he continues to hire these people in the future.

Do Not Use Immigration Reform to Solve Basic Economic and Social Problems: On the other hand, it would be a great mistake to see in the control of immigration a solution to any of our basic economic and social problems. This seems obvious to me with respect to the high levels of unemployment we are currently experiencing, although, given the rhetoric surrounding the policy debate, this point is perhaps worth emphasizing. Current unemployment is the product of a deep and prolonged economic recession combined with long-term structural adjustments in the technology and international competitive position of our major industries. The increases in unemployment have concentrated among precisely those committed adult male workers who are not in competition with immigrants. And the low-wage, unstable, menial jobs which the immigrants hold will not substitute for the jobs these people have lost. The immigrant jobs might, it is true, ease the adjustment process of the displaced workers if they were willing to take them, but few of the displaced workers are going to be willing to accept the humiliation of such a major decline in social status for the small income involved. The real solution to their problems will require both an economic recovery that is sustained and long lasting and training and relocation assistance to help permanently displaced workers find a dignified place within the economy.

I think it is worth emphasizing that the immigrants only accept these jobs because they think of them as temporary and because they hold them in a place so remote from the place in which they actually think of themselves as permanently located and in which their own self-identity is anchored. A similar point can be made with respect to black youth. A number of the jobs now held by immigrants were once held by the black nationals. If the immigrants were to somehow disappear, black Americans would again take over some of their work. The immigrants, however, did not displace blacks. Employers perceived a change in black attitudes toward the work which made them difficult to manage, and recruited migrants to replace them. Black attitudes changed because an older generation, raised in the rural south with a background and motivations similar to the immigrants of today, was replaced by a new generation who grew up in northern urban areas. These younger workers associated the jobs with the inferior social status to which their race had been condemned in the United States and feared that they would be confined in them permanently through prejudice and discrimination. This process of replacement occurred almost 20 years ago in a much tighter labor market and at a time when both the political climate and the levels of welfare and social benefits were much more conducive to these attitudes than they are today. It is likely that black resistance to such work has moderated somewhat and this is the case for pressing to reopen some of these jobs. But, neither I nor, more important, the businessmen involved believe that the attitudes have changed substantially. The real solution to the employment problem of blacks requires not the regaining of menial, low-wage jobs, but upward mobility into high-wage, dignified work.

Do Not Interfere Directly with the Settlement of Immigrant Communities: Finally, precisely because of the experience with the black revolt in the 1960s, it would be a great mistake to attempt to control immigration by directly forestalling settlement. The black movement was essentially the revolt of second generation immigrants—a revolt of the children of a generation who had come out of the south who were no longer satisfied with their parents' jobs, but who did not have access to the high wages and career advancement which might have satisfied their aspirations. Prejudice and discrimination were undoubtedly major factors blocking their advancement, but the black youth of the 1960s were also poorly trained for the positions to which they aspired. The children of the new immigrants will undoubtedly view their parents' jobs in much the same way and may react in much the same way if their own advancement is similarly blocked. Any attempt to prevent their parents from settling permanently will bar the children access to the educational and cultural facilities which will enable them to fulfill their aspirations and recreate for another major portion of our population the social tensions which have surrounded black communities in the last 20 years.

In a sense, moreover, American society has a moral obligation to these children as well. They are here because we wanted the labor of their parents. In a very real sense, we recruited their parents. By so doing we made the children like us, probably more like us in terms of values and aspirations, culture and language, than their parents. Having done so, we have an obligation to treat them as we would treat our own children. If, in the process, we create competitors for our children, this may be an argument for more careful control of the use of immigrant labor in the secondary sector, but is is not a very strong argument for limiting the after effects of that immigration by pressing on the children who, like us, have nowhere else to go.

Conclusions

Rejection of the conventional policy alternatives need not imply that we accept the settlement of immigrants as inevitable and beyond our control. To the contrary, the immigration process can be limited by a variety of means. Higher wages in the secondary sector would attract nationals to jobs generally held by immigrants and thus make unnecessary the active recruitment of workers from abroad. Demand for immigrants on the part of employers is an important explanation for the continued stock of undocumented workers. Furthermore, increased wages would enable temporary immigrants to meet their target earnings more rapidly and return home before they develop permanent attachments in the United States. The longer the residence of the immigrant the more likely he or she will develop attachments and hence the more likely temporary residency will become permanent.

Changing the current visa policy may reduce permanent immigration. Time limitations on visitors in the form of visas, paradoxically, encourage longer stays and cause many visitors to remain permanently, albeit illegally, in the United States. This results because visa violators delay returning home when their visas expire for fear they will not be permitted entry into the United States again. Replacing temporary visas with permanent visas could reduce permanent settlement by permitting visitors to return home without fear of being barred from entering the United States in the future.

Higher wages and altered visa policies are all a good deal more humane and less costly than the policies contemplated in the current legislative debate. I believe these will ultimately be more effective in preserving the economic and spiritual values of American life.

NOTES

1. For a discussion about the derivation of these estimates see Corwin (1984).

2. For extensive discussion about the motives of immigrants see Piore (1979).

3. Immigration Commission (1911), p. 182, Table 16.

4. For a discussion about these perceptions see Piore (1969).

5. For a discussion and citations see Piore (1979).

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The Imperative of Immigration Reform

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"Its death is a classic symptom of the problem with our politics; the special interest prevails over the general interest."[1] With this epitaph, one member of the congressional conference committee summed up the fate of the immigration reform package that died within his committee in October 1984. The bill under consideration was popularly known as the Simpson-Mazzoli bill. It represented the latest unsuccessful effort by Congress of a quest that began in the early 1970s to come to grips with the nation's outmoded and out-of-control immigration system.[2]

The Simpson-Mazzoli bill was not a panacea for the nation's immigration ills. It represented only the first step of what eventually must be a series of legislative moves to assure that the immigration system contributes to the nation's economic welfare and does not contravene such goals. For although the Simpson-Mazzoli bill did contain other features, it primarily addressed illegal immigration. As important as is this issue, it is a fundamental mistake to assume that abuse of the existing system is the only problem with the nation's immigration system. To the contrary, the nation's immigration system is in need of a complete overhaul. Massive illegal immigration is only the most obvious symptom that something is wrong.

It was the original intention of this paper to discuss why the Simpson-Mazzoli bill was only the first and not the final step in the immigration reform process. The defeat of this bill—which, incidentally, the noted authority on immigration history, Oscar Handlin, has correctly called "a more liberal measure than any we've had in 90 years"[3]—means that the reform movement is back to square one. Hence, it is not yet possible to speak only about the agenda that lies "beyond Simpson-Mazzoli." The whole issue of immigration reform still remains to be again addressed.

The Issue in Brief Perspective

There are only two ways for a nation to acquire its labor force: people are born within its boundaries or they immigrate from other nations. Throughout most of the 19th and early 20th centuries, immigration was the most important component of the nation's human resource policy. The imposition of the nation's first numerical ceilings on immigration in the 1920s was followed by several decades of depression, war, and their immediate aftermaths. As a consequence, immigration diminished significantly in terms of its human resource importance from the early 1920s to the early 1960s. Because of this diminished role over this forty year period, many scholars and policymakers have been slow to recognize that since the mid-1960s, immigration—in all of its diverse forms—has again become a major feature of the U.S. economy. The 1980 Census revealed that since 1970, the number of foreign-born Americans had increased sharply after declining each previous decade since 1920 and it disclosed that one of every 10 people in the country reported speaking a language other than English at home. As there was a substantial statistical undercount of the illegal immigration population, it is certain that the dramatic findings of the size of the foreign-born population in 1980 are significantly understated. Noting the developments, Leon Bouvier observed in 1981 that "immigration now appears to be almost as important as fertility insofar as U.S. population growth is concerned."[4] As the labor force is the principal means by which population changes are transmitted to the nation's economy, Bouvier warned that "there is a compelling argument for close co-ordination between the formulation of employment and immigration policy."[5] Recognition of this critical linkage is the basis for the drive for immigration reform in the 1980s.

The Ability of Policy to Affect Labor Force Trends

The preponderance of factors that influence labor force trends within an economy are beyond the realm of policymakers to influence, even if they want to do so. Labor market research has repeatedly shown, for instance, that race and gender can influence employment and income experiences of the labor force. As the number and proportion of minorities and women have increased in the labor force, there is nothing that human resource policymakers can do to change these trends. They can only respond with adjustment policies designed to influence the factors that cause these outcome differentials to occur. The same can be said for demographic changes in the age distribution of the labor force, the shift in social values that have contributed to the dramatic increase in female labor force participation, or the effects of the pace and scope of technological change on the preparation of workers for jobs. The control of immigration flows, however, is considered to be an exercise in the use of the discretionary powers of the state. As such, it is one dimension of a nation's human resource policy that should be capable of directive action rather than forced reaction.

Immigration has economic implications for the participants and for the receiving society. It can determine labor force trends as well as respond to them. For this reason, the efficacy of policies that regulate immigration must be judged in terms of how they have related to broader labor force trends at any particular time. As will soon be apparent, this is decidedly not the case in the United States as of the mid-1980s.

The Influence of Administrative Structure

Because the magnitude and composition of immigration flows are supposedly subject to direct regulation by human institutions, it is essential to understand how the policymaking process functions. There is only tangential mention of immigration in the Constitution. By the late nineteenth century, however, the Supreme Court had concluded that the federal government was the exclusive governmental body to assume this responsibility.[6] After a brief assignment of power to the Department of the Treasury and later to the Department of Commerce and Labor, the administration of immigration policy was shifted to the newly established U.S. Department of Labor (DOL) in 1914. This action represented a clear recognition by policymakers of the time that labor market considerations should be a primary concern in the administration of immigration policy. In 1933, by executive order, the immigration and the naturalization functions (which had been separately administered in DOL) were joined into one agency—the Immigration and Naturalization Service (INS). The INS has continued every since to be responsible for the implementation of immigration policy.

With the recognition in 1940 of the likely involvement of the United States in World War II, a critical decision was made that has had lasting influence on the course of immigration policy. In June 1940, the INS was shifted from DOL to the U.S. Department of Justice. Ostensibly, the shift was necessary for national security reasons. It was believed that rapidly changing international events dictated a more effective means of control over immigrants and nonimmigrants. Concern over the entry and presence of subversive foreign elements in the population was elevated to the highest priority mission of the agency. Labor market considerations—the historic concern—were shunted aside.

When the war ended, the INS remained in the Department of Justice. The long-run effects of this administrative change have been disastrous to efforts to build a coherent immigration policy—especially if one of the concerns is that immigration policy should be congruent with domestic labor force trends. The Department of Justice has multiple responsibilities and, when compared to its numerous other important duties, immigration matters have tended to be neglected or relegated to a low order of priority. Moreover, the Department of Justice is one of the most politically sensitive agencies in the federal government. It has often opted for the short-run expedient solutions for immigration issues. It has seldom manifested any interest in the economic aspects and consequences of immigration.

Another lasting effect of the shift of immigration policy to the Justice Department has been that the two judiciary committees of Congress gained the responsibility for supervision over immigration in general and the INS in particular. Traditionally, membership on these committees has been reserved (often exclusively) for lawyers. The result, as noted by David North and Allen LeBel, is that "as immigration problems arise, be they major or minor, perceived or real, the response of lawyer-legislators is that the law should be changed."[7] As a consequence, immigration law in the United States has become extremely complex and legalistic. In addition to these laws, it is also the case that INS operations are governed by more than 5,000 pages of written rules. Over the years, the labor market implications of immigration policy have either been ignored or given only superficial attention by the INS.

The Nature of the Existing Immigration System

Before discussing the reform of the extant immigration system, it is necessary to outline briefly what is the current system. To do this, it is necessary to look at the major policy components—those that pertain to legal immigration, refugees, asylees, and illegal immigration. For the sake of brevity, I am ***not*** going to discuss the complex topics of nonimmigrant labor policy or of border commuter labor policy which are also part of this system and are also in dire need of reform.

Legal Immigration Policy

The revival of legal immigration as an influential force can be virtually dated to the passage of the Immigration Act of 1965. It represented the culmination of decades of efforts to purge the nation's immigration system of the overt racism that had been the central focus of the "national origins system" adopted in 1924. After years of active struggle, the Civil Rights movement achieved its capstone goal—the passage of the Civil Rights Act of 1964. Just as overt racism could not longer be tolerated in the way citizens were treated by fellow citizens, neither could racism be practiced by the laws that govern the way in which noncitizens were considered for immigrant admission.

The restrictive features of the "national origins system" had done more than shape the racial and ethnic composition of immigrant flows. It had sharply distorted the total flow of immigrants. Some nations with large quotas (e.g., Great Britain, which was entitled to about 40 percent of all of the available visas) did not use all of the slots available to it while other nations with small quotas (e.g., Italy and Greece) had massive backlogs of would-be immigrants. Hence, during the years 1952 to 1965, for example, only 61 percent of the available quotas were actually used, despite the fact that tens of thousands of persons were precluded from admission because they came from the "wrong" country. Succeeding administrations in the post-World War II era were forced, therefore, to seek *ad hoc* legislation and to use parole powers given to the Attorney General to admit hundreds of thousands of refugees for both humanitarian and national interest considerations. As a consequence, one of every three persons admitted to the United States from 1952 to 1965 entered outside the terms of the prevailing immigration system. Hence, because the system was outdated by the progression of both world and domestic events, the Immigration Act of 1965 was adopted.

It is important to note that while the changes enacted in 1965 significantly altered the character of the existing system, the reform movement could not entirely escape the heavy hand of the past. Thus, while overt racism was eliminated in 1965, the new act elevated family reunification to the role of being the dominant admission factor. On the surface this might seem to be a humane feature, but the motivation for the change was far less noble. The change was made in the judiciary committee of the House of Representatives where some congressional supporters were more concerned with finding a way to retain the national origins system under a covert guise. Obviously, if certain groups had been excluded or had a low quota in the past, they would have had fewer chances to have relatives who could use their presence as a means to admit new immigrants. Thus, reliance on family unification would largely benefit those groups who had large quotas under the older system. The Johnson administration opposed this move. It sought to retain both the priority and the emphasis of labor market considerations as the highest preference criterion (which had been the case since the use of a preference system to determine immigrant priorities was formally established in 1952). Congress, however, made family reunification the dominant admission factor. The Johnson administration was forced to accept the change as the price of getting rid of the national origins admission system. Labor market considerations were downgraded to both lower preferences and to a sharply reduced number of visa allotments. The ostensible reasons for the reversal or priorities was that during the era when labor market factors dominated, the system had not used all of the available slots. But as already noted, the reason for the inability to use all of the available slots between 1952-65 was the distortion imposed by the "national origins system"—*not* the concept of labor force priority itself.

In the years since 1965, there have been a number of minor changes in the immigration system but they have retained this focus on family reunification. The system as of early 1984 sets a single worldwide admission ceiling of 270,000 visas to be issued each year. No more than 20,000 visas are to be allotted to the would-be immigrants of any one country. The "immediate relatives" of each visa holder, however, are not counted in either ceiling. Immediate relatives are spouses, children, and parents of U.S. citizens over age 21. To decide which specific individuals are to be granted such a visa within the framework of these numerical ceilings, a six-category preference system exists. The categories rank the preferences in order with a certain proportion of the total visas reserved for each preference. Four of the categories (which account for 80 percent of the visas) are reserved for persons who are family-related. Thus, family reunification has, since 1965, become the mainstay of the legal immigration system. The two remaining admission categories are based on labor market principles. They account for the remaining 20 percent of the available visas each year. For these two labor market categories, a person must secure a certification from the Department of Labor that states that the presence of the immigrant will not adversely affect the job opportunities and prevailing labor force standards of citizen workers. In addition to the preference categories, Congress has established 33 separate classes of people who are specifically excluded from being admitted (e.g., paupers, prostitutes, Nazis, communists, fascists, homosexuals, etc.) no matter if they would otherwise be eligible to be an immigrant.

It should also be noted that between 1965 and 1980, a separate preference group existed for refugees with 17,400 slots. Over that interval, however, the actual number of refugee admissions greatly exceeded this ceiling. (Excluding Vietnamese refugees, it averaged about 50,000 persons a year.) The excesses were admitted through the use of the parole authority given to the Attorney General to admit persons for "emergent reasons." Because the use of the parole powers was finally admitted to be what it was—a means of circumventing the existing immigration statutes, refugees were removed from the established immigration system in 1980. With the Refugee Act of 1980, they are admitted under a separate procedure. Since 1982, the President arbitrarily sets the number of refugees to be admitted in advance of each fiscal year. He then must consult with Congress over the appropriateness of the suggested figure. The number of refugees approved for 1984, for instance, was 72,000 persons. Obviously, there are no labor market considerations applied to the entry eligibility of refugees.

The Refugee Act of 1980 also created an asylee policy for the United States. As opposed to a refugee (who is a person living outside of his or her home nation and who fears persecution if forced to return but who is *not* presently in the United States), an asylee is a person who also fears similar persecution if he or she returns to his or her homeland but is already physically present in the United States. The Refugee Act of 1980 authorized up to 5,000 asylee admissions a year. As of early 1984, there were over 173,000 asylee requests pending approval and it is likely that this number will continue to grow. As with refugees, there are no labor market considerations applied to asylees.

Having discussed the "front door" approaches to the nations labor market, it is necessary to add that there is a massive "back door" approach as well. Although the legal system is extremely complex in its objectives, the entire system can be easily circumvented by those who enter illegally. Unlike most other nations, there are no penalties on employers who hire illegal immigrants in the United States. Virtually all illegal immigrants who are caught are given a "voluntary departure" back to their homeland. Hence, there is virtually no deterrence associated with the violation of the existing system. There is no system of work permits or of national identification and those forms of identification that are available are easily counterfeitable. Moreover, the INS has always been chronically understaffed and underfunded relative to the duties it is assigned.

All evidence indicates that most illegal immigrants come to the United States to find jobs—not for purposes of securing welfare or for criminal purposes. No one, of course, knows the exact number of illegal immigrants who compose the stock of the illegal immigrant population or the annual flow. In its final report in 1981, the Select Commission on Immigration and Refugee Policy cited a range of from 3.5 to 6 million illegal immigrants. Their estimate, however, was based upon a review provided by the Census Bureau of a variety of previous studies done in the early and mid-1970s. Thus, whatever the validity of the estimate included in the Select Commission's report, it should be understood that it was based on the averaging of data for the mid-1970s—not the mid-1980s. Given the certainty that illegal immigration has increased since the mid-1970s, the stock and flows are no doubt greater now than those cited by the Commission's Report. In 1984, the INS apprehended 1,056,905 illegal immigrants. Many of these people were apprehended more than once. On the other hand, however, most illegal immigrants—especially those from countries other than Mexico—are never caught. Hence, the magnitude of the stock and annual flows of illegal immigrants cannot be estimated with any degree of accuracy.

Labor Market Impacts of the Era of Renewed Immigration

There is a paucity of credible research on the precise employment experiences of all groups of post-1965 immigrants. There is no statistical data base to measure the labor force status of immigrants comparable to the information compiled by the monthly *Current Population Survey* for all workers in the United States. All that are available are administrative statistics—the findings of a few *ad hoc* studies of immigrants, and information on the foreign-born population supplied by the decennial census count. From these disparate sources, however, it is possible to discern some likely tendencies. An awareness of these tendencies and their logical conclusions is prerequisite to an understanding of the macro-economic effects of immigrantion to the nation.

The Immigrant Infusion to the Supply of Labor Has Increased

The annual flow of legal immigrants since 1965 has more than doubled the annual flow that existed for the period 1924 to 1965. For the earlier period, the annual flow was 191,000 immigrants and immediate relatives; for the period 1965 to

1981, the number has increased to an annual average of 435,000; for the years 1978 to 1981, it was 547,000. These figures do not include those refugees who have yet to adjust their status to become resident aliens, or those asylees whose status is still pending, or any illegal immigrants. If all flows are considered, it is likely that immigration in the 1980s is accounting for as much as half of the annual growth in the population and probably an even greater percentage of the real growth of the labor force.[8]

The Size of the Annual Flow of Immigrants Has No Regard for Domestic Labor Market Conditions

The aggregate number of immigrants and immediate relatives admitted each year is completely independent of the prevailing labor market conditions. The number of immigrants annually admitted has in no way been influenced by the tightness or looseness of the domestic labor market. If allowance is also made for refugees admitted since 1965 and for the tide of illegal immigrants that have entered over this same period, immigration has steadily added substantial numbers of additional workers, regardless of the cyclical ability of the economy to provide sufficient jobs for citizen or immigrant workers. This practice is at total variance with the practice of most of the handful of other countries that have been admitting immigrants over this same period.

Immigrants Have a Higher Labor Force Participation Rate

The few studies that have focused upon labor force participation of immigrants reveal that the majority of immigrants over age 16 do enter the labor force. Indeed, they show that the actual labor force participation rate for legal immigrants and their immediate relative is likely to be considerably—not marginally—higher than that of the general population.[9]

There is no such data, of course, for illegal immigrants but it is intuitively obvious that their labor force participation rates are higher than those of legal immigrants. Illegal immigrants are primarily job seekers. They are legislatively ineligible for many of the transfer programs that might provide alternative income sources. The case with refugees, however, is not quite so clear. Refugees prior to the 1970s seem to have had a relatively easier adjustment process to labor force entry than have large infusions of refugees from Southeast Asia that have occurred since the mid-1970s. Refugees have been eligible not only for federal income transfer programs but also for local and state programs that are available to citizens.

Immigration Supplies Workers Independent of the Macro Human Resource Needs of the Economy

An overwhelming proportion of those persons who have immigrated to the United States have been admitted without regard to their skill, education, or geographic settlement preferences. As noted earlier, 80 percent of the persons who receive visas to immigrate are admitted because the immigration system gives preference to family reunification principles. Immediate relatives of all immigrants are admitted regardless of their labor force credentials, as are all refugees and all would-be asylees. This is not meant to imply that those who are admitted under these procedures lack talents but rather, as David North and Allen LeBel have observed, they "do so accidently."[10] Accordingly it is estimated that only about 5 percent of all those persons admitted to the United States each year are required to have labor certifications that indicate they are filling established labor force needs. If illegal immigrants are included, of course, this small percentage of certified workers would be reduced to an infinitesimal number compared to the total flow of immigrant workers.

The Immigrant Flow is Predominately Composed of Members of Minority Groups

The most important qualitative change in the personal characteristics of immigrants that has occurred since the end of the national origins system has been the complete shift in the regions of origin of the immigrants. Almost 80 percent of the immigrants and refugees admitted during the 1970s were from Latin America and Asia. In the 1980s, the percentage is even higher (close to 84 percent). Beginning with the decade of the 1960s, Europe was replaced for the first time in the nation's history by Latin America as the leading source of immigrants. By the 1970s, Asia which was not free from the discriminatory features of the previous immigration system, was challenging Latin America for that distinction.

The last time that a European nation was among the top five of the countries that supply immigrants to the United States was in 1973 (when Italy placed fifth). Mexico has become the country that annually supplies the most immigrants; the Philippine Islands have tended to be the runner-up. The other sources vary from year to year but, since 1974, they have all been located in either Asia or the Caribbean area.

The predominance of immigrants from Latin America and the Caribbean area can be easily explained in terms of the priority given to family reunification in the admissions system. For Asians, the explanation is more complex. It would seem that the family reunification system should have worked against many Asian groups, given the exclusionary features that were in effect for much of the pre-1965 era. The answer to this paradox is the fact that Asians have made astute use of the occupational preferences as well as the fact that they have overwhelmingly dominated the massive refugee flows for each year since the mid-1970s. In the first case, the Asian immigrants have tended to be skilled and highly educated; in the latter instance, they have usually been unskilled and poorly educated.

Likewise, the illegal immigrant flows have also come predominately from Mexico and the Caribbean area. The best approximations are that about 60 percent of the illegal immigrants to the United States come from Mexico and about 20 percent come from other countries of the Caribbean area. The remaining 20 percent come from other nations of the world.

Without doubt, therefore, the combined immigrant flows are overwhelmingly composed of persons from minority groups (Hispanics, blacks, and Asians). As will be discussed later, there is a strong clustering pattern of these immigrants into local labor markets of the central cities of a few large states that are already composed of persons from similar racial and ethnic backgrounds. As a result, it is very likely that many immigrants compete directly with other citizen minority workers for available jobs. The competition is most likely to be most adverse in the lower skilled occupations. For the higher skilled legal immigrants, the competition for employment opportunities is more broadly based and, accordingly, the impact is less severe.

It is likely, therefore, that since 1965, immigration in general—but illegal immigration and refugee flows in particular—has tended to adversely affect the employment, unemployment and labor force participation rates of minority citizens. The geographical concentration of immigrants in a few large metropolitan areas has also tended to moderate wage increases for all workers who compete with them in these same labor markets in general but with minority group citizens in particular.[11] To the degree this has happened, uncontrolled immigration has worked at cross purposes with other federal human resource policies that have been initiated over these same years that have been designed principally to improve the economic opportunity for these same minority citizen groups.

The Occupational Patterns of Immigrants Differ Extensively From Those of the Labor Force as a Whole

With specific reference to the occupational patterns of immigrants, the occupational distribution of those admitted as legal immigrants is skewed toward professional, technical, and skilled workers. The pattern is due largely to the fact that the complex admission system is biased toward those who have family connections as well as the time and the money that it takes to work their way through the labyrinth of the legal immigration system. For the minority who are admitted under the two occupational preferences and who, by virtual definition do not have family relatives who are citizens, the two occupational preferences generally favor those with high skills and extensive educational backgrounds. Persons who are likely to become "public charges," for instance, are specifically excluded from becoming legal immigrants. Furthermore, because of the extensive backlog of visa applications (over 1.2 million visa applications were pending at the end of 1982), there have been no visas available since 1978 for the nonpreference "catch all" category that theoretically exists. Thus, it is not surprising that the occupational characteristics are skewed differently from the distribution of the labor force as a whole.

It appears from studies by David North of a cohort of 1970 immigrants and a study by Barry Chiswick of the foreign-born who entered the U.S. up to 1970, that the earnings of immigrants tend to be initially below those of citizen workers in comparable occupations but that these differences gradually vanish in 11 to 15 years.[12] Chiswick, in fact, found that male immigrants actually end up doing better than citizen workers in comparable occupations after about 20 years in the country. He was unable to make conclusive findings about female immigrants. It is of consequence to note that Chiswick found that immigrants from Mexico and the Philippines (the two countries that have been the largest sources of legal immigrants since 1962) took a longer time to sustain these results.

In reviewing, Chiswick's ambitious research on this subject, it is vital to keep in mind that his analysis is of all foreign-born who had entered the United States prior to 1970. It has been after 1970, however, that the full effects of the Immigration Act of 1965 and the Refugee Act of 1980 have occurred. As North has noted, the 1970 Census data on the foreign-born "is a group composed of persons of above average age, most of whom came to the U.S. many years earlier and under provisions of earlier legislation."[13] As a consequence he warns about the use of this data as a reference group since "one must not assume that the profile of the foreign-born which emerged from the 1970 Census will be similar to that emerging from the 1980 or 1990 Censuses."[14]

Likewise, the sizeable increases in the number of illegal immigrants since the 1960s—especially those from Mexico and the Caribbean Basin—have been dominated by low-skilled and unskilled workers, which also challenges any complacent deductions that would seem to be the logical conclusions of some of the existing literature. In Chiswick's work, for instance, there is no way to separate the experience of legal immigrants from illegal immigrants since he is studying the foreign-born as reported by the Census. It is certain that the illegal immigrant population is severely undercounted in the Census and, accordingly, it is likely that their experiences are not adequately captured by this data base.

One study that has made use of the 1980 Census and its data on the foreign-born, done by Gregory DeFreitas and

Adriana Marshall found that over one-third of all immigrants were employed in manufacturing (compared to 23 percent of native-born workers).[15] In many metropolitan areas, the concentration was more severe—75 percent of all manufacturing workers in Miami were immigrants; over 40 percent of those in Los Angeles and New York City; 25 percent in San Francisco; and 20 percent in Chicago and Boston. In 35 metropolitan areas with a population of one million or more, immigrants comprised 19 percent of all production jobs in manufacturing. Not surprisingly, given the occupational, industrial and geographic concentration of the immigrant work force, the study found that the rate of wage growth in manufacturing was inversely related to the size of the immigrant population in those metropolitan areas. The high concentration of foreign-born workers had a statistically significant negative impact on wage growth compared to the experience with large metropolitan areas with lower percentages of foreign-born workers.

Given that the illegal immigrant flows into the labor force since 1965 are likely to have matched and probably exceeded the legal flows, it is essential that the labor market experiences of illegal immigrants be specifically included in any effort to assess the overall impact of immigrants on the labor market. There are only two studies that have been able to make a serious attempt to capture some measure of these patterns. One was a nationwide study made of apprehended illegal immigrants by David North and Marion Houstoun in 1976.[16] The second was a study made of unapprehended illegal immigrants in Los Angeles in 1979 by a research team from the University of California at Los Angeles (UCLA).[17] Both studies were funded by the U.S. Department of Labor. In the North and Houstoun study, the respondents had been in the United States for an average of 2.5 years while in the UCLA study the mean was 4.0 years.

The occupational patterns of the respondents in the two studies showed conclusively that illegal immigrants are concentrated in the unskilled occupations of farm workers, service workers, nonfarm laborers as well as the semi-skilled blue-collar occupations of operatives. A significant number are also in the skilled blue-collar occupation of craft workers. Very few were found in any white-collar occupation.

A comparison of the data from these two studies shows that the occupational patterns of illegal immigrants closely resembles those of Mexican Americans (Chicanos) and of blacks. The employment pattern of Chicanos, in fact, better resembles the pattern of illegal immigrants than it does the general distribution pattern of the overall labor force.

It seems certain that the illegal immigrant workers are concentrated in the secondary labor market of the U.S. economy where they often compete with the millions of citizen workers who also are working and seek work in this sector. Indeed, Malcolm Lovell, the Under Secretary of Labor, in his testimony to Congress in support of immigration reform, stated that “in 1981, close to 30 percent of all workers employed in this country, some 29 million people, were holding down the same kind of low-skilled industrial, service, and farm jobs in which illegals typically find employment.”[18]

Illegal immigrants are by no means the only cause of unemployment and persistent low income patterns among certain subgroups of the American labor force but they certainly are one factor. The formulation of any serious full employment strategy for the United States in the 1980s, therefore, will have to include measures to curtail illegal immigration.

Thus, it would appear that the occupational impact of legal immigrants is at the upper end of the nation's occupational structure while the impact of illegal immigrants is at the lower end. Studies that combine these two groups to obtain an average measure of the experience of immigrants on the labor force miss the actual significance of the real impact.

The Locational Impact of Immigrants is Extremely Unequal

One of the most pronounced effects of the unguided immigration system is that legal immigrants are highly concentrated into a relatively few major labor markets. Since 1966, California and New York have consistently accounted for almost half of the intended residences of all legal immigrants. Texas, Florida, New Jersey and Illinois account for about one-quarter of the intended settlement destinations. Thus, six states have received almost three-quarters of all of the legal immigrants. Data from the 1980 Census also confirm this high concentration rate of the total foreign-born population in these same states (the percentage of foreign-born in California was 14.8 percent, New York 13.4 percent, New Jersey 10.3, Florida 10.9, Illinois 7.3 and Texas 6.0; the only other state with a large foreign-born population was Hawaii with 14.0 percent).[19]

Within the states in which they settle, legal immigrants have demonstrated a consistent preference in the 1970s for the large central cities.[20] Although the exact percentage varies each year, a central city was the destination of about 55 percent of the immigrants who were admitted between 1960 and 1979. Urban areas—those with a population of between 2,500 to 99,000 people—were the clear second choices while rural areas were a distant last. These initial residential patterns differ distinctly from those of the general population in which urban areas have become the overwhelming first choice since 1960 (accounting for almost half of the population) followed by an almost equal preference (of about 25 percent each) for central cities and rural areas.

The 1980 Census information on the foreign-born population vividly demonstrates the effect that immigration is having on the population of a few large metropolitan areas. In 1980, for instance, the metropolitan area with the highest percentage of its population being foreign-born was Miami, with a phenomenal percentage of 35.2 percent. The second highest was Los Angeles (21.6 percent) and the third was New York City (20.8 percent). Thus, the necessity to accommodate the growing immigrant flow has not fallen evenly. Only a few states and a handful of cities have borne the brunt of the revival of immigration that has occurred since 1965. As the aforementioned DeFreitas and Marshall study found, one effect of the disproportionate concentrations has been to retard wage growth in these large metropolitan areas relative to other metropolitan areas with fewer immigrant workers. It is also of consequence to note that the settlement pattern of illegal immigrants has closely resembled the locational preferences of legal immigrants. In their quest to avoid detection, illegal immigrants often seek to blend into communities that already have large numbers of persons from similar ethnic backgrounds. This tendency, of course, only intensifies the pressures on these few states and cities to accommodate immigrants.

Thus, the uneven distribution of immigrants means that studies that focus on the national or state level miss the actual impact of immigration at the local level in the communities of only a handful of states. But when one recognizes that those central cities in these few states account for a significant portion of the total employment in the nation, there is no reason to consider these impacts as inconsequential to the economy as a whole.

In the Short Run, It is Likely that Immigrants Contribute to Higher Unemployment Rates

Chiswick has found for the foreign-born males that it takes about five years for them to reach the same number of weeks worked and to come down to the same number of weeks of unemployment as native-born men.[21] This would suggest that in the short run that immigrant males tend to experience a higher incidence of unemployment than is the general case. In his findings, it is also of importance to note that he also found that the foreign-born males from Mexico, Cuba, and China tended to take longer to reach parity with native-born men than it did the foreign-born men from other nations. All three of these countries have consistently ranked among the largest sources of legal immigrants and refugees since 1970. It is logical to conclude that, if anything, the unemployment experiences of the past decade should be less favorable than those that occurred prior to the 1970s.

Concluding Observations

The prevailing immigration policy of the United States was largely conceived in the early 1950s and the mid-1960s when immigration was not a particularly significant influence on the economy of the nation. As a consequence, the current immigration policy manifests a complete disinterest in its labor force implications. Perhaps the nation could continue to allow immigration policy to be excluded from any responsibility to contribute directly to the nation's economic welfare if the economy had not undergone significant changes and if the immigration flows of workers had remained relatively small. But this has not been the case. Hence, the "practice" of allowing immigration policy to continue to follow its own nepotistic, inflexible, mechanistic, and massively abused course is a "luxury" that this nation can ill afford to continue.

The contemporary economy of the United States is a far cry from the one into which earlier waves of immigrants entered. The resurgence of immigration since 1965 has exactly parallelled the period when the labor force of the United States has sustained unprecedented changes in both size and composition.

With regard to size, the civilian labor force increased by an average of 1.8 million workers each year from 1964 to 1973; and annually by 2.2 million from 1973 to 1980. Since then the rate of annual increase—as officially measured (which means that it is doubtful if the full effects of growing numbers of illegal immigrants are included)—has declined slightly. Nonetheless, in 1984 the Bureau of Labor Statistics (BLS) announced that it is revising its long term projections of labor force growth from the period 1982 to 1990 to 1.6 million net new workers each year. (I would argue that even this projection is conservative—as all past projections by the BLS have been.)

As for the composition of the labor force, the period since 1965 has been one in which racial and ethnic groups as well as women have dramatically increased their proportions of the total labor force. The BLS projects that these patterns will continue—with women accounting for two-thirds of the annual growth in the labor force and blacks about 25 percent over the next decade. It is certain—especially if immigration continues the pattern of the past—that the Hispanic labor force will also increase its share disproportionately even though the BLS did not highlight this group in its projections.

With respect to the entire labor force, the next decade presents the nation with a unique situation. Because the "baby boom" generation has now come of age, it is projected that by 1990 the largest single age cohort of the population will be between the ages of 25 to 44—the prime working age years. It is a period when labor force participation is at its highest for both males and females. During the late 1980s and early 1990s it is predicted that the majority (or more than half) of the total population of the U.S. will be participating in the labor force. By 1995, it is expected that 70 percent of the labor force will be between 25 and 54 years of age. Thus, it is going to be a period in which there will be mounting pressure on the economy to generate additional employment opportunities—especially for women and minorities.[22]

Under these circumstances, it is clear that the last two decades of the twentieth century are going to be years in which the labor force of the nation will be confronted with immense pressures to accommodate both the growth in the number of job seekers as well as to changes in the composition of the supply of labor. The quest to meet these challenges will be difficult enough without being undermined by an immigration policy that is seemingly oblivious to its labor market impacts but which, in actuality, has influential labor market consequences.

The broad outlines of the policy reform needed to make immigration policy conform to the economic welfare of the nation are easy to list. With respect to the annual levels of immigration, there need to be enforceable ceilings. But they should be ceilings and not established and inflexible numbers. The actual number of immigrants admitted each year should be responsive to unemployment trends in the nation. Annual immigration levels should fluctuate inversely with unemployment trends (as is the practice in Canada). The system should be capable of responding to changing economic circumstances. The boundary ceiling should be set by legislation but the precise levels in any given year should be set administratively. It is implicit, if this were to be done, that the administrative responsibilities for immigration policy should be shifted back to the U.S. Department of Labor (or some other new agency that might be created to administer and coordinate all of the nation's human resource development policies) and away from the U.S. Department of Justice and the judiciary committees of Congress.

In regard to the actual determination of who is admitted as a legal immigrant each year, the preference system should revert back to the primary emphasis on occupational preferences that characterized the system from 1952 to 1965. Family reunification should remain an admission criterion but not the primary factor, as has been the case since 1965. No other nation in the world allows such a nepotistic and discriminatory doctrine to dominate its admission system. The occupational preferences should be increased to at least the pre-1965 level of 50 percent of the available visas. Full discretion should be given to the administrative agency to decide which occupations (skilled, semi-skilled, or unskilled) are in greatest need at any particular time and to admit them. Included within this discretionary power should be the right to give preference to immigrants willing to settle in regions where labor is scarce. The shift away from the dominance of family reunification would also allow opportunities for "new seed immigrants" (especially for immigrants from Africa, who have the most trouble competing under the existing system) to enter.

The refugee and asylee policies of the nation are the most difficult to integrate into a policy design that focuses on economic priorities. Obviously, the United States should continue to participate in the worldwide effort to absorb and to assist in the accommodation of refugees. But experience clearly indicates that there must be some limitations on the number of refugees that are to be admitted and where they are to be settled. A legislative ceiling should be set on the number of refugees to be admitted with the understanding that, if special circumstances do arise, more refugees may be admitted but that offsetting reductions will be made in the number of legal immigrants in the same or the following year. If a situation should develop that was truly extraordinary, Congress could legislate a temporary increase in the numerical boundaries to accommodate such a unique circumstance. The asylee issue is presently too complex to discuss in this paper except to note that the current policy is hopelessly bogged down in a system of judicial paralysis. Currently, asylees are entitled to almost twice as many levels of appeals of their status as are provided to convicted murderers. It is essential that a more expedited system of reaching closure in these cases be designed. But the ultimate principle for admission should be the same as refugees: namely, if asylees permissions are granted, legal immigration should be reduced accordingly. It is essential that the principle of choice be firmly established in the operation of the nation's immigration system. Otherwise, one is confronted with the chaos of the present system where the policy is essentially one that ratifies what has already happened anyway. Moreover, there is no sense establishing the concept that total immigrant flows should fluctuate with domestic labor market conditions if the entire process can be circumvented by flows from another source. There are already some signs that the refugee and asylee system is being used for purposes (such as economic betterment) other than those for which it was designed (i.e., to avoid persecution for one's political and personal views).[23] The full cost of assisting refugees and asylees to be prepared for entry into the labor market should be borne by the federal government and not by local communities.

All of the preceding suggestions, of course, are predicated on the assumption that a full-scale effort will be mounted to end the flow of illegal immigrants into the country. It would make no sense at all to attempt to construct a positive immigration policy that works in tandem with general economic policy if the entire process can be easily circumvented. The appropriate policies should be designed to address both the "push" and the "pull" factors that contribute to the illegal immigration process. They should include enhanced deterrent policies (e.g., employer sanctions, enhanced INS funding, and less reliance on the use of the voluntary departure system) as well as prevention measures (e.g., extensive economic and technical development assistance, trade and tariff concessions, and the absolute insistence on the adherence to human rights principles and the protection of human life from murder and torture as a prerequisite for receipt of the economic aid and trade concessions).

The absence of any serious effort to forge an immigration policy based upon labor market considerations means that immigration policy today functions as a "wild card" among the nation's array of key labor market policies. Unlike all other elements of economic policy (e.g., fiscal policy, monetary policy, employment and training policy, education policy, and antidiscrimination policy) where attempts are made by policymakers to orchestrate the diverse policy elements into a harmony of action to accomplish particular objectives, immigration policy has been allowed to meander aimlessly. This is a situation that no sensible nation can allow to continue.

NOTES

1. Robert Pear, "Amid Charges, Immigration Bill Dies," *New York Times,* October 12, 1984, p. A-16 [note: The quotation was by Representative Charles E. Schumer (D-N.Y.)].

2. For a comprehensive review of the legislative history of immigration reform in the 1970s and 1980s, see Vernon M. Briggs, Jr., *Immigration Policy and the American Labor Force* (Baltimore: Johns Hopkins University Press, 1984).

3. Walter Goodman, "Message of Immigration Bill is Disputed," *New York Times* (October 12, 1984), p. A-17.

4. Leon F. Bouvier, *The Impact of Immigration on the Size of the U.S. Population* (Washington, DC: Population Reference Bureau, 1981), p. 1.

5. Leon F. Bouvier, *Immigration and Its Impact on U.S. Society* (Washington, DC: Population Reference Bureau, 1981), p. 23.

6. *Elkie* v. *United States* 142 US 651 (1892).

7. David North and Allen LeBel, *Manpower and Immigration Policies in the United States* (Washington, DC: National Commission for Manpower Policy, 1978), p. 40.

8. Bouvier, *Immigration and Its Impact, op. cit.*, p. i.

9. David S. North and William G. Weissert, *Immigrants and the American Labor Market,* Manpower Research Monograph No. 31 (Washington, DC: U.S. Department of Labor, 1974), pp. 18-22.

10. North and LeBel, *op. cit.*, p. 226.

11. Gregory DeFreitas and Adriana Marshall, "Immigration and Wage Growth in U.S. Manufacturing in the 1970s," *Proceedings* of the 36th Annual Meetings (1983) of the Industrial Relations Research Association (Madison: Industrial Relations Research Association, 1984), pp. 148-156.

12. David S. North, *Seven Years Later: The Experiences of the 1970 Cohort of Immigrants in the United States,* R and D Monograph #71 (Washington, DC: U.S. Department of Labor, 1979) and Barry R. Chiswick, *An Analysis of the Economic Progress and Impact of Immigrants,* a report to the U.S. Department of Labor prepared under R and D Contract No. 21-06-78-20 (June 1980).

13. North, *Seven Years Later, op. cit.*, p. 10.

14. *Ibid.*

15. DeFreitas and Marshall, *op. cit.*

16. David S. North and Marion F. Houstoun, *The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study* (Washington, DC: Linton & Company, 1976).

17. Maurice D. Van Arsdol, Jr., Joan Moore, David Heer, Susan P. Haynie, *Non-Apprehended and Apprehended Undocumented Residents*

in the Los Angeles Labor Market. Final Draft submitted to the U.S. Department of Labor under Research Contract No. 20-06-77-16 (May 1979), p. 27.

18. U.S. Senate and U.S. House of Representatives, Subcommittee on Immigration, Refugees, and International Law and Subcommittee on Immigration and Refugee Policy of the Respective Committees on the Judiciary. Joint Hearings, "Statement by Malcolm Lovell, Under Secretary of Labor" (April 20, 1982) (Washington DC: U.S. Government Printing Office, 1982), p. 367.

19. U.S. Department of Commerce, *1980 Census of Population and Housing Provisional Estimates of Social, Economic and Housing Characteristics* (Washington, DC: U.S. Government Printing Office, 1982), Table P-2, pp. 14-19.

20. North and Weissert, *op. cit.,* Table 9, p. 67 and also see *1979 Statistical Yearbook of the Immigration and Naturalization Service* (Washington, DC: U.S. Government Printing Office, 1982), Table 12A, p. 31.

21. Barry R. Chiswick, *The Employment of Immigrants in the United States* (Washington, DC: American Enterprise Institute, 1983).

22. The basis for these conclusions are drawn from Howard N. Fullerton, "The 1995 Labor Force: A First Look," *Monthly Labor Review,* December 1980, pp. 11-21, and Howard N. Fullerton and John Tschetter, "The 1995 Labor Force: A Second Look," *Monthly Labor Review,* November 1983, pp. 3-10.

23. Although the issue is extremely complicated, U.S. refugee policy allows entry only to individual persons who can show a "clear probability of persecution." It does *not* allow entry to people who are fleeing areas where there is domestic turmoil. Moreover, it does *not* consider people who are fleeing their homelands for economic reasons to be considered refugees. Efforts to apply this principle continue to be a subject of extensive litigation—especially as it has been applied to persons fleeing from Haiti and from a number of countries in Central America. In addition to these concerns, there are also numerous problems with persons who have been already admitted as refugees and who use their status to seek entry for other people who they falsely claim to be family relatives. Because documentation requirements are far less rigorous for refugees than they would be for legal immigrants, the opportunities for abuse are considerable.

The Illegal Alien Policy Dilemma

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Introduction

A lecture and seminar series on the Economics of International Migration, and a public lecture on illegal aliens, are very timely. As a research topic, immigration has long been the concern of historians and sociologists. It is only in recent years—about a decade ago—that economists returned to this topic.

Economists were concerned with the issue at the turn of the century and up to the early 1920s until the enactment of the "national origins" quota system. From then until the 1960s, there was little public policy concern or debate over general immigration issues, and this is reflected by the virtual absence of interest in the subject by economists. The 1965 Immigration Amendments abolished the "national origins" quota system and substituted a "preference system" which placed greatest emphasis on kinship with a U.S. citizen or resident alien. But this was done with surprising little public debate and with a continued virtual vacuum in the economic literature.

It was only in the 1970s that there was a renewed public policy interest in immigration issues. Although the policy interest focused on illegal immigration, economic research took a broader approach, exploring all dimensions of immigrant adjustment and impact, for both legal and illegal aliens.

After a decade of high energy prices, sharply fluctuating rates of economic growth, high and erratic rates of inflation, and increased concerns for the quality of the environment, there is now a greater realization that resources are limited and that continued economic growth is not a gift from the gods, but rather is dependent on a public policy that fosters rather than hinders economic growth. All public policy issues once thought outside the realm of economic thinking or economic considerations are coming under closer scrutiny, including immigration policy.

Economists have demonstrated that immigrant flows are, in part, the consequence of economic forces. They have also demonstrated that immigrants play an important and complex role in the economy in general and in the labor market in particular. In addition, economists have demonstrated that immigrants impact on the well-being of the economy and the American population.

This lecture will be on the contradictions and dilemmas inherent in forming public policy toward illegal aliens. In so doing it will point to the direction of sounder policy solutions.

The Illegal Alien Debate

The most recent public focus on immigration has been with respect to illegal aliens. From the last days of the Ford administration to the present, each session of Congress has given serious consideration to the enactment of legislation to grant amnesty to illegal aliens living in the U.S., to impose for the first time federal sanctions on employers of illegal aliens, and to strengthen enforcement at the border. In 1984 both houses of Congress passed such legislation, by a large majority in the Senate and by a handful of votes in the House. Because of minor differences, the legislation went to a House/Senate conference committee where it died, in no small part because of the newly expressed opposition of both presidential candidates.

The persistence with which the legislation is brought forward, the heated debate, the widely divergent support in the House and Senate, and the periodic changes in position of presidents and presidential candidates suggests that illegal aliens are a difficult policy issue.

Illegal aliens exist because workers are attracted to the United States by jobs provided by the economy and because there is an incomplete enforcement of immigration law by the government. They impact on the labor market by decreasing the earnings and employment opportunities of some U.S. workers and increasing them for other U.S. workers. The size of the illegal alien population is believed to be large and growing. It has recently been estimated by three Census Bureau statisticians that 3 to 6 million illegal aliens were residing in the United States in 1980 (Siegel, Passel and Robinson, 1981). It is also estimated that half of these illegal aliens are Mexican nationals. Every indication suggests that the continued deterioration of the Mexican economy and political upheavals in Central and South America will be further spurs to illegal immigration.

Yet, we know surprisingly little about illegal aliens. Why is there such a large illegal alien population? Why is there so little research on the topic? Indeed, the Select Commission on Immigration and Refugee Policy, which issued its report in 1981, was established primarily to analyze policy regarding illegal aliens and the Commission devoted most of its recommendations to this issue. Yet, it funded no research relating to the characteristics or impact of illegal aliens. Its research program played no apparent role in its policy decisions.

There is a legislative stalemate in Washington. Too few resources are budgeted to enforcement for the Immigration and Naturalization Service (INS) to have any substantial impact. Yet, there is an unwillingness to publicly acknowledge this "lack of will" and offer amnesty. This public ambivalence has been quite obvious for at least a decade.

The legislative stalemate may not represent a lack of will, but rather may be interpreted as a "rational" short-run response to a policy dilemma. We want foreign workers, but not their dependents. We allow illegal migration but keep the probability of arrest and deportation high enough to discourage the entry of family members. Amnesty, of course, would allow erstwhile illegal aliens to bring their dependents—spouse, minor children, aged parents—to the United States. This would given them access to our system of free public education as well as to the generous welfare and social service benefits that were designed to help Americans disadvantaged through no fault of their own. (The welfare benefits include Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income (SSI) and Medicaid.) Because we want the workers but not the dependents, and we find it awkward to say so openly, we perpetuate a cat-and-mouse game between the immigration authorities and illegal aliens.

If this interpretation is correct, we need not be concerned with more information on illegal aliens. We prefer continued obfuscation of the issues to the embarrassment that clarification might bring. It is apparently better to let the monster sleep. Unfortunately, the monster will eventually wake up, and more massive social and economic problems may be at hand—a large, restless and low-skilled illegal alien population.

Characteristics of Illegal Aliens[1]

To put these matters in historical perspective, it is important to indicate that the illegal alien issue is not new. In this decade we "celebrate" the 100th anniversary of illegal aliens in the United States. The first illegal aliens were Chinese because the first barriers to legal immigration were imposed against unskilled Chinese workers in the 1880s. There was a racist fear of the "Yellow Peril," of hoards of unskilled Chinese workers flooding California and depressing wages for similarly unskilled whites. It is unlikely that the feared massive migration would have taken place even if there were no barriers. Perhaps more intriguing, data from recent censuses indicate that the descendants of the Chinese workers have achieved higher levels of schooling, occupational status and earnings than the descendants of the whites who a century ago believed the Chinese could never be anything but unskilled laborers.

In the twentieth century, however, the main focus has been on Mexican illegal aliens. A cyclical pattern has emerged. During periods of political turmoil (e.g., 1910 Revolution) or economic slack in Mexico, large migration streams flow northward, and the size of these streams seems to have accelerated in recent decades. On the other hand, during periods of economic slack in the U.S., the northward flow is slowed or stopped, and sometimes reversed. In the recession following the World War I boom, during the early 1930s, and during the early 1950s, the net flow may have been toward Mexico, that is, the number of Mexican nationals who left the U.S. may have exceeded the number who entered this country. These reverse flows have sometimes been generated by wholesale arrests and deportations of persons who "look Mexican."

Mexican nationals form the bulk of the illegal alien population in the 1980s—the data on apprehensions indicates that 90 percent are Mexican nationals. But this statistic overstates the proportion of Mexicans in the illegal alien population. Immigration and Naturalization Service concentrates its resources along the Mexican border, perhaps (as some allege) because it is relatively inexpensive to catch people sneaking across the border and deport them. In addition, many Mexican illegal aliens work in the United States only part of the year and return to Mexico during the slack season. Since apprehensions are most likely to take place at or shortly after entry, this to and fro migration also raises the proportion of Mexican nationals in the arrest data relative to the stock of illegal aliens residing in the U.S.

It is believed that about half of the illegal alien population living in the United States are Mexican nationals, and that the other half come from a wide range of countries and all parts of the globe. West Indians, Central and South Americans, East Asians, South Asians, Africans, Near Easterners, Europeans and Canadians are all represented among illegal aliens. Of the Mexican illegal aliens, about 70 percent originate in six states of Mexico's Central Plateau. This is a poor area which served as a battlefield during the revolutions and rebellions earlier in this century, and which has been passed over by whatever benefits emerged from the Green Revolution of the 1950s and the short-lived oil bonanza in the 1970s (Cross and Sandos, 1981).

There are reasons why Mexico provides the largest number of illegal aliens. We share a border about 2,000 miles long which runs through wilderness areas. Where rivers form part of the border they are often shallow and easy to cross. Hence, "entry without inspection" is relatively easy for Mexican nationals. Illegal aliens from most other countries either use fraudulent documents to enter the U.S. or have to violate a legal visa, such as working in violation of a student or visitor visa, or overstaying their visa. Increasingly, nationals of other countries are using Mexico and Canada for the purpose of surreptitiously entering the United States.

Ease of entry may be a necessary condition for illegal immigration, but it is not a sufficient explanation. After all, the border with Canada is as easy to cross as the border with Mexico, yet there are relatively few Canadian illegal aliens: less than 1 percent of apprehended illegal aliens are Canadian nationals. Nor are legal immigrants more numerous from Canada than from Mexico. In recent years there have been fewer than 15,000 Canadian immigrants annually, while legal immigrants from Mexico have exceeded 55,000 annually.

The U.S.-Mexican border is unique. No other border separates two countries that differ so sharply in average income. The temptation to go north to "strike it rich" working as a busboy, a dishwasher, or fruit picker is just too strong to resist. Mexico's economy has not done well in the 20th century in spite of its abundance of natural resources. High fertility rates combined with falling death rates, particularly infant mortality rates, have generated large cohorts of youths. Government development policy has focused on capital-intensive rather than labor-intensive sectors of the economy. Mismanagement of the economy has retarded the rate of economic growth. The poverty and absence of job opportunities, particularly in the rural areas, have generated a massive migration to Mexico City, the border towns, and the United States.

Many Mexican farm workers gained experience working in the United States in the *bracero* program.This was a contract farm labor program started in 1942 to augment wartime labor supplies and was terminated in 1964. As a result of the experience gained in the *bracero* program, hundreds of thousands of Mexican farm workers had their appetites whetted for the good life up north. They, their younger brothers, their sons became illegal aliens when the *bracero* program ended and other opportunities for legal migration were reduced. Indeed, in the face of a growing supply of immigrants from Mexico the imposition of the numerical ceilings on Western Hemisphere immigration in 1968, and the country ceilings in 1977, reduced avenues for legal migration, thereby generating pressures for increased illegal immigration.

There is little solid data on the demographic or labor market characteristics of illegal aliens (Chiswick 1984). The data on apprehensions suggest they are predominately low-skilled, young adult (age 18 to 30), males from Mexico. While it is undoubtedly true that the apprehensions data can be expected to exaggerate these very characteristics, it seems reasonable that qualitatively these characterizations are accurate. Illegal aliens tend to be unskilled, in part because workers in higher skilled jobs may have more difficulty in masking their illegal status, and in part because an occupational license, certification or union membership may be required. In addition, because of the existence of skills that are specific to the country in which they are acquired, apprehensions and deportations may be more costly for skilled illegal aliens than for workers with few if any skills. Thus, among unsuccessful visa applicants (or potential applicants) those with few or no skills have the greater incentive to attempt an illegal entry.

The skewed demographic composition of illegal aliens and the high rate of to and fro migration, particularly with respect to Mexico, are consequences of illegal alien workers leaving their wives, young children and aged parents in the home country. This does not arise from their preferences, but from the circumstances of their illegal status. Dependent family members are costly to move to the United States, particularly if illegal means are to be used. Once in the U.S., the dependents may not confer the eligibility for welfare and social service benefits that legal residents may receive. Indeed, the dependents may increase the probability of the entire family being apprehended and deported, thereby increasing the costs and risks of deportation.

Alternative Policies: Amnesty Versus Strict Enforcement

If illegal alien workers were granted amnesty and could bring their dependents to the U.S., the demographic characteristics of this population would change. The extent of to and fro migration would decline, the ratio of dependents to workers would increase, and, because of the low skill level, the family members would be eligibile for a variety of welfare (income transfer) and social service programs. In addition, the incentive for even more families to move north would increase under the realistic view that if amnesty is granted once it will be granted again. Hence, the case against amnesty.

But what about a more vigorous enforcement of immigration law? The trends have, if anything, been in the opposite direction (Chiswick 1981/82). The number of permanent positions in the Immigration and Naturalization Service increased from 7,000 in 1960 to nearly 11,000 in 1979, a 60 percent increase. During the same period, however, the annual number of legal immigrants doubled from one-quarter of a million per year to one-half of a million. Nonimmigrant admissions of aliens as tourists, students, etc. increased 8-fold, from 1.1 million to 9.3 million per year. And, the number of apprehensions of illegal aliens increased 14-fold, from 70,000 to about one million. Clearly a tremendous strain has been placed on INS resources.

To try to close the floodgates, INS has concentrated its resources on border enforcement at the expense of interior enforcement. However, there is a revolving door at the border in which large numbers of illegal aliens are apprehended one night, to be deported the next day, to try again on a subsequent night. Except for deportation, there are no penalties imposed on illegal aliens, even those who are flagrant repeat offenders. The cat-and-mouse game along the border increases apprehensions per million dollars of budget expenditure, but may have little deterrent effect.

Benefits of Current Policy

What are the benefits of current policy? The benefits come in the form of the increase in income to the native population of the U.S. from a larger pool of low-skilled immigrant workers. An increase in the supply of low-skilled foreign workers depresses the wages and working conditions of low-skilled native workers, and this receives much public attention. What receives less public notice is that the increase in the number of low-skilled workers increases the *productivity* of "complementary factors of production," that is, higher skilled workers and capital. Any factor of production is more productive the more of other factors with which it can work. A bulldozer on a road construction project is more productive if there are more workers to keep it running 24 hours a day, repair it when it breaks down, and redirect traffic away from the construction site. A scientist is more productive if there are assistants to clean the test tubes, run simple experiments, do bibliographic research, type manuscripts, etc.

The gains in income to skilled workers and capital from the migration of low-skilled workers are likely to exceed the losses to native low-skilled workers.[2] This means that as a result of low-skilled illegal migration, the income of the native U.S. population is increased!

The Policy Dilemma

I have outlined the policy dilemma. As a result of restrictions on immigration, there are a large number of people in the U.S. illegally, perhaps 3 to 6 million people. They are disproportionately unskilled young adult males from Mexico. Largely because of their illegal status, they do not bring their dependent family members. These workers are productive and they increase the income of the native U.S. population.

On the other hand, if they brought their dependent family members with them they would be eligible for a variety of welfare, social service and educational programs. Since the workers are low-skilled, their use of these benefits could exceed the increased income of the native population. That is, the increase in taxes needed to pay for these programs for the dependents of the "illegal aliens" might easily exceed the gains in income to the native population.

With their status legalized, illegal aliens could bring their dependents to the U.S. and claim benefits from the variety of public programs that subsidize the poor, the young and the aged. Further, amnesty would encourage further illegal immigration because of the realistic expectation that if offered once it will be offered repeatedly. Hence, amnesty is perceived as an unacceptable solution.

Strict enforcement of immigration law is also perceived as unacceptable. The costs of strict enforcement may be very high in terms of civil liberties and of resources devoted to enforcement activities. A greatly enhanced and better equipped staff of INS agents would be required to increase the effectiveness of interior enforcement as well as border enforcement, but this would be more costly. Sanctions against employers who knowingly hire illegal aliens are frequently proposed, although for employer sanctions to be effective a national identity system (or registration) of one sort or another would be required. It seems inappropriate to compel employers to enforce a law that the federal authorities show little will to enforce.

Employer sanctions are the equivalent of an employment tax. This tax raises the relative cost of labor, particularly for low-skilled, high-turnover jobs. The imposition of such a tax may further worsen the job opportunities of low-skilled workers legally in the U.S., particularly youths and minorities.

But perhaps the greatest cost of strict enforcement would be the loss of the income the native population gains from the work of illegal aliens.

Conclusions—An Alternative Policy[3]

From the short-run perspective, the current legislative stalemate may be "optimal," given that we do not want a legal system that sanctions a two-class society—one eligible for welfare and social service benefits and the other not. We can view amnesty and a stringent enforcement of immigration law as polar approaches to solving the problem, but for different reasons they are viewed as too costly. The consequence of current policy, however, is the presence of a large and apparently growing segment of the population that lives at the margin of or outside the law. As this population grows, and as increasing numbers of children of illegal aliens are born in the U.S., and hence are U.S. citizens, the political and social pressures will also grow. A policy that looks optimal in the short run may thus not be so attractive in the long run.

This discussion suggests that, as a society, we need to more clearly delineate our priorities and policy options regarding illegal aliens. A partial solution to the dilemma is to restore a modest guest worker program. To discourage "temporary workers" from evolving into "permanent workers" outside the regular immigration system, entry would be permitted only for the guest workers and not for dependents, the contracts would be for a short maximum number of months (say six months), and only for jobs with clearly defined seasonal patterns. Returning to the home country would be required before a worker could receive a new contract, and a limit might be placed on the total number of contracts that a worker could receive.

Under current policy there is some probability that an illegal alien will be apprehended. But the penalty if one is apprehended is very low, particularly for Mexican nationals apprehended at the border. Deportation involves little opportunity cost to a Mexican national apprehended at or near the border since he is likely to return almost immediately. Apprehending individuals who violate the law creates no deterrent effect if there is no penalty when they are apprehended. Hence, current policy regarding apprehended illegal aliens has little or no deterrent effect, particularly regarding Mexican nationals.

To induce compliance, two types of penalties could be imposed on those who enter the country illegally, who violate the condition of a legal entry, or who violate the terms of their temporary worker contract. One penalty would be a probation period during which a legal entry is barred, whether as a temporary worker or otherwise. The other would be detention of the illegal worker for a period of several months prior to deportation.

Detention may be the only mechanism for reducing the extent to which the border is treated as a revolving door. Pecuniary penalties are inappropriate for the low-income illegal alien population because the fines could not be collected. However, detention for several months would be costly to the alien and have a deterrent effect. Since much of the illegal immigration is for seasonal employment, a two or three month detention for a first apprehension could have a major impact on the incentive to seek work in the U.S. As a further deterrent, the length of the detention period could be increased with the number of times the individual has been apprehended.

The major criticism of detention is usually expressed in terms of the high cost of incarcerating "one million apprehended illegal aliens." But this exaggerates the problem. Because the revolving door at the border results in multiple apprehensions of the same person, the number of different individuals apprehended is much smaller than the number of apprehensions. With the imposition of penalties, the number of attempted illegal entries would fall. As a result, the same border enforcement resources would mean fewer apprehensions but would raise the probability that an attempted illegal entry would result in an apprehension further discouraging illegal migration. Indeed, with the imposition of meaningful penalties, greater deterrence could be achieved even with fewer border enforcement resources. Finally, low cost minimum security detention facilities could be constructed in rural areas near the Mexican border.

These policy recommendations will not end all illegal immigration. However, by providing both the opportunity and incentives for operating within the legal framework, they offer a better hope than current policy, or the most frequently advocated alternatives (employer sanctions and amnesty), for retaining many of the benefits while reducing many of the costs of the current illegal immigration. The recommendations offer a better prospect for regaining control over the U.S. borders.

NOTES

1. The *Statistical Yearbook of the Immigration and Naturalization Service* is an invaluable source of data on legal an illegal immigrants. (U.S. Department of Justice.)

2. This follows from the increase in the aggregate income of the population exceeding the earnings received by immigrants. For a clarification see Chiswick (1982), pp. 298-313.

3. For a fuller discussion of the policy alternatives see Cafferty, Chiswick, Greeley and Sullivan (1983).

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Immigration and the U.S. Taxpayer

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In recent years considerable national concern has focused on the issue of immigration. Two factors have contributed to this interest: first, an increase in the influx of immigrants into this country—both legal and illegal; and second, a change in the traditional sources of immigrants away from the European countries and towards Asia, Latin American and the Caribbean. Many perceive the current group of immigrants as less skilled, perhaps, and less highly educated than those who came a number of years ago; it is also feared that current immigrants will be more difficult to assimilate. This has gelled into a concern over the impact of immigrants on the U.S. economy and on the economic well-being of native Americans.

As we shall see, public perceptions regarding shifts in the magnitude and sources of immigration are indeed correct. However, to say that such changes have occurred is not necessarily to say that they constitute a problem. Nonetheless, there are serious immigration policy issues confronting the government. How many immigrants should we admit? Another problem, greater today than in the past, is whether we can determine the number of immigrants to admit. That is, can we control our own borders? What should we do about the current population of illegal immigrants living in this country? Although economists cannot answer all these specific questions, they can assist policymakers by doing research that sheds light on the economic impact of immigration on the United States.

There are two primary aspects to consider in addressing this issue. First, what type of individuals are the immigrants and how do they compare to the native-born population. The foreign-born still do not comprise an especially large proportion of the U.S. population. Because the flow of immigrants is greater than it was a few years ago, however, the composition of the population is changing. And we have the right to ask: Is this a change for the better or for the worse? Or is it perhaps not a significant change at all?

Another question that needs to be considered is far more difficult. What are the consequences for native-born Americans of this influx of immigrants? In particular, do immigrants compete for jobs with some particular sectors of the U.S. population? For these groups, what is the impact on their wages, unemployment rates, etc.?

It is necessary to answer these questions to get a comprehensive view of the economic impact of immigrants. In this paper, however, we concentrate on the first question. What kind of individuals are the immigrants, and how do they compare to native-born Americans? Within these concerns we focus on the consequences for the American taxpayer of this inflow of immigrants. We especially emphasize issues related to the utilization of transfer payments by immigrants relative to use by the native-born. Transfer payments are money paid by the government to individuals and their families under various circumstances, for example, welfare payments to individuals or families whose income is very low, unemployment compensation for people who have lost their jobs, or social security for people who have retired. Do immigrants receive more of such transfer payments and if so, why?

Less emphasis will be given to the other side of the coin—how much do immigrants contribute to the tax receipts of the government? But we shall also consider evidence that has a bearing on this issue. That is, how economically successful have immigrants been? This is relevant because it is one of the fundamental facts of life that if you are economically successful in this country, Uncle Sam is going to share in that success to some extent.

Before turning to a detailed discussion of these issues, we first review trends in immigration in order both to establish in greater detail what recent trends have been, and to place them in historical perspective. As we shall see, the current situation, as well as the fears associated with it, are not historically unprecedented. In previous instances, those fears proved groundless, as they may in the current situation.

Trends in Immigration

The trends that have given rise to recent concerns are illustrated in Table 1. The 1970s was indeed a period of increased immigration flows compared to the two preceding decades, both in terms of the absolute number of immigrants and their size relative to the population. Further, the pace of change appears to be accelerating, with both the number of immigrants and their size relative to the population higher in the late 1970s and early 1980s than at the beginning of the decade. As a consequence of these developments, the foreign-born increased from 4.7 percent of the U.S. population in 1970 to 6.2 percent in 1980.[1] While the size of the foreign-born group remains small relative to the population, it represents a 32 percent increase in their proportion over a 10-year period. In addition, the concentration of particular nationalities in certain parts of the country—for example, Cubans in Florida, Mexicans in the Southwest, and some of the Asian groups in the West—means that the proportion of foreign-born is considerably higher than the national average in a number of localities.

Table 1
Immigration: 1820 to 1981

Period	Total		Year	Total	
	Number (1000s)	Rate[a]		Number (1000s)	Rate[a]
1820 - 1981	50,252	3.4	1965	297	1.5
			1966	323	1.6
1820 - 1830[b]	152	1.2	1967	362	1.8
1831 - 1840[c]	599	3.9	1968	454	2.3
1841 - 1850[d]	1,713	8.4	1969	359	1.8
1851 - 1860[e]	2,598	9.3	1970	373	1.8
1861 - 1870	2,315	6.4	1971	370	1.8
1871 - 1880	2,812	6.2	1972	385	1.8
1881 - 1890	5,247	9.2	1973	400	1.9
1891 - 1900	3,688	5.3	1974	395	1.9
1901 - 1910	8,795	10.4	1975	386	1.8
1911 - 1920	5,736	5.7	1976	399	1.9
1921 - 1930	4,107	3.5	1977	462	2.1
1931 - 1940	528	.4	1978	601	2.8
1941 - 1950	1,035	.7	1979	460	2.1
1951 - 1960	2,515	1.5	1980	531	2.3
1961 - 1970	3,322	1.7	1981	597	2.6
1971 - 1980[f]	4,493	2.1			

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1985.*

a. Annual rate per 1,000 U.S. population, 10-year rate computed by dividing sum of annual immigration totals by sum of annual U.S. population totals for same 10 years.

b. October 1, 1819 - September 30, 1830.

c. October 1, 1830 - December 31, 1840.

d. Calendar years.

e. January 1, 1861 - June 30, 1870.

f. Includes transition quarter, July 1 to September 30, 1976.

The public perception that there has been a shift in the place of origin of immigrants is also borne out by the data. Asians constituted only 6 percent of immigrants during the 1950s, in comparison to 13 percent in the 1960s and 36 percent in the 1980s. Immigrants from Latin America and the Caribbean increased their proportion of the total from 23 percent in the 1950s to about 40 percent in the 1960s and 1970s. Overall, these two sources of immigrants grew from 29 percent of the immigrant group in the 1950s to 77 percent in the 1970s.

Table 1 shows that the U.S. has experienced two previous periods of substantial increase in immigration flows. Indeed, in both of the earlier cases the numbers involved were considerably larger, both absolutely and relative to the population. The first case was in the 1840s and 1850s. This was associated with an influx of Irish who increased their proportion of immigrants from 12 percent in 1830 to about 45 percent in 1840 and 1850. The second case was the great wave of immigrants who came in the late 1800s and early 1900s. Their numbers were totally unprecedented in American history, with 23.5 million arriving between 1880 and 1920. In 1910, 18 percent of the population was foreign-born. There was also a change in the source of immigration at that time—away from England, Scotland, Scandanavia, Germany and Ireland and towards Southern, Eastern and Central Europe, including such nationalities as Serbo-Croatians, Bohemians and Moravians, Austro-Hungarians, Russians, Greeks, Spaniards, and Turks.

In both these cases, there was a general impression that the new crop of immigrants was less skilled and less educated than the previous group, and considerable fear that the large mass of immigrants could never be digested and assimilated into the American mainstream. There was the belief that the immigrants were having a negative effect on the well-being of the American wage earner. Indeed these views were responsible for the passage of restrictive federal legislation in 1921 curtailing the entry of immigrants. Nonetheless, there is probably general agreement today that the U.S. did readily assimilate these groups. And further, that these immigrants also enriched America with the many good things they brought to this country. Thus, based on the historical experience, we can perhaps confront our current problems with some degree of optimism about immigration.

Immigrants and the Transfer System[2]

In this section, we seek to ascertain whether or not immigrants utilize the transfer system to a greater degree than the native-born and what factors may be responsible for any immigrant-native differences. In seeking answers to these questions, it is important, not only to identify any average differences that may exist, but also to understand the underlying causes of any differences that are observed. This is necesssary because one of our goals will be to apply the insights of what we learn about immigrants today to immigrants who may come in the future. Since future arrivals may differ from the present group in terms of their education, race or ethnicity, etc., overall averages are not informative.

The data we use are from the 1976 Survey of Income and Education which gives income and transfer information for 1975. This may be disappointing to some people. The concern is about a current problem; can data that are 10-years-old be relevant to it? The problem that we confront in economics is that often the type of data needed to do the kind of careful and systematic analysis presented here are not collected very frequently. Further, it takes a considerable amount of time to perform these types of analyses. Nonetheless, such data can shed some light on the issues of concern to us, particularly when used to uncover the underlying causes of any immigrant-native differences. It is also encouraging that a recent study by Tienda and Jensen (1985), which used data from the 1980 Census, finds similar results for one of the types of transfer use we consider, immigrant-native differences in welfare dependency.

In looking at transfers, let us first distinguish between two types of transfer payments. The first are payments received from welfare programs. These include public assistance, which is generally paid by state and local governments, and Aid to Families with Dependent Children (AFDC), a federal program that is targeted on female family heads. Although families with unemployed fathers are technically also eligible in many states, the vast majority of recipients of AFDC are female family heads. Also included is Supplemental Security Income (SSI), a federal program which is targeted on the aged. Welfare programs share the common characteristic that they are paid for out of general tax revenues. In addition, eligibility for such programs, as well as the amount of money received, is determined by need, not by any kind of prior contribution or by prior employment of a certain kind.

The second type of transfer payments are payments from social insurance programs. These include social security, the railroad retirement program, unemployment insurance, workers' compensation, and various veterans' programs. These programs are paid for out of contributions by employers and/or workers and not out of general tax revenue. Eligibility for these programs entails employment in a so-called covered sector for a specified period of time. So, for example, not just anyone who becomes unemployed is necessarily eligible for unemployment insurance, and not just anyone who retires is necessarily eligible for social security, although the coverage of these programs has become fairly widespread. Payment levels, the receipts that people get from these programs, are guided primarily, although not solely, by the replacement ratio principle. The replacement ratio principle is designed to replace a specified proportion of income that has been lost through unemployment, disability, retirement, etc. In fact, in these programs, while need is sometimes taken into account, the basic idea is that if you were doing better before you entered the transfer program, you should receive a higher transfer payment.

The reason these two types of programs are distinguished is because the differences between them may be important to policymakers. That is, policymakers may distinguish between monies that are going to welfare recipients and those that are being collected by individuals through social insurance programs. This is because it is widely believed that the people getting social insurance payments have in effect earned that transfer payment through the prior contributions they or their employers have made. However, it should be noted that most contributory programs in the U.S. are in fact pay-as-you-go programs. For example, it is not the case under social security that the taxes you pay now are saved up for you and that when you retire at 65 you get the very money that you paid in, or the returns from investing that money. In fact, the social security taxes you pay today, go to support older people who are currently retired. Nonetheless, it is significant in the public mind that the recipients of payments from social insurance programs have made a contribution towards financing the programs in the past (or their employers have done so).

Now that we have explained the differences between these two types of programs, let us look at the receipt of transfer payments by families headed by immigrants and the native-born in 1975 as shown in Table 2. Male-headed families (including married couples) and female-headed families are distinguished.[3] A superficial examination of this table does lend some support to the idea that immigrants may well be a drain on the transfer system. Among both male- and female-headed families, immigrants receive higher transfer payments than the native-born. On average, the transfers received by families headed by a male immigrant were 52 percent ($546) higher than the receipts of families headed by native-born males. As the table shows, this was due to immigrant families' greater likelihood of participating in each type of program (welfare and social insurance), as well as, the higher average level of payments received by immigrant families who were program participants. Interestingly enough, among female heads, immigrants receive lower welfare payments on average, but higher social insurance payments. Overall, their receipts from transfer programs are 13 percent ($196) higher than their native-born counterparts, primarily due to their higher probability of participating in social insurance programs.

The questions we have to consider are why do these differences exist and what are the policy implications of them? The first question may in turn be divided into two parts. First, we may determine whether immigrant families place greater reliance on transfer programs than native families with similar characteristics. So, if we found an immigrant family and matched it up with a native family in terms of the head's education, the number of family members, etc., would the immigrant family receive higher transfer payments than the otherwise similar native family? In other words, are immigrant families more transfer-prone? Second, we may investigate the role that differences in characteristics between the immigrant and native-born groups play in producing differences in transfer receipts. That is, to what extent are the higher transfers received by immigrant families due to differences in their levels of education, family composition, etc.

Table 2
Receipt of Transfers
1975

Type of program	Male heads		Female heads	
	Natives	**Immigrants**	**Natives**	**Immigrants**
Average payments (all families)				
Welfare	$ 73	$ 93	$ 416	$ 295
Social insurance	979	1505	1095	1411
Total	1052	1598	1511	1707
Percent participating				
Welfare	4.6	5.5	21.1	14.7
Social insurance	36.5	45.6	44.9	57.5
Average payments (program participants only)				
Welfare	$1585	$1684	$1974	$2002
Social insurance	2680	3301	2437	2454

SOURCE: Francine D. Blau, "The Use of Transfer Payments by Immigrants," *Industrial and Labor Relations Review* 37 (January 1984), Table 1, p. 223. Reprinted by permission.

NOTE: Based on data from the 1976 Survey of Income and Education (SIE). Observations are weighted by sampling weights reported in the SIE. Family heads must be 18 years of age or older to be included.

In summary, we seek to determine to what extent the higher transfer receipts of immigrant families are due to (1) similar immigrant and native families acting differently and (2) the fact that immigrant and native families are not similar but rather differ in a variety of ways that are potentially relevant to transfer use. We then consider the policy implications of these findings.

As illustrated in Table 3, immigrants have a variety of characteristics that could potentially increase their use of transfer payments. A higher proportion of immigrants than of native-born family heads are minorities. Immigrants are somewhat less likely to be black, but a higher proportion of them are comprised of other nonwhites or Hispanics. Since minorities tend to encounter greater difficulty in the labor market, a higher proportion of minorities among immigrants could contribute to a greater reliance on the transfer system.

Table 3
Means of Selected Characteristics
1975

Characteristic	**Male heads**		**Female heads**	
	Natives	**Immigrants**	**Natives**	**Immigrants**
Race-ethnicity (%)				
Black	9	4	19	6
Other nonwhite	1	10	1	6
Hispanic	2	23	2	18
Age of head				
Mean age	44	51	49	58
% 65 or older	14	30	29	47
% 18 to 30	27	17	29	13
Family members				
% 65 or older	9	21	3	3
Number of children under 18	0.9	0.8	0.6	0.4
Education of head	12.1	10.7	11.6	9.7
English ability of head				
% with poor English	0.2	15	0.4	15
Location, % living in				
metropolitan area	66	86	69	88
South	33	17	33	15
West	18	28	18	27
Central	28	17	27	16
Northeast	21	38	22	42

SOURCE: Francine D. Blau, "The Use of Transfer Payments by Immigrants," *Industrial and Labor Relations Review* 37 (January 1984), Table 2, p. 225. Reprinted by permission.

NOTE: Based on data from the 1976 Survey of Income and Education (SIE). Observations are weighted by sampling weights reported in the SIE. Family heads must be 18 years of age or older to be included.

In 1975, immigrant heads of families had lower educational attainment on average than natives. Among men, they averaged over a year less of education; among the female heads of families, it was almost two years less education. Immigrants are also more likely not to be able to speak English or understand English well. Fifteen percent of the male and female immigrant heads could not speak or understand English well compared to less than 1 percent of native-born Americans. The location of immigrants might contribute to their higher use of transfer payments as well. Immigrants were more likely than natives to be located in metropolitan areas where transfer payments tend to be more generous or to be located in the Northeast where there is both a reputation and a practice of higher transfer payments, and they were much less likely to live in the South where transfer payments are lower.

The really key factor in explaining immigrant-native differences, however, turns out to be none of the above, but simply the fact that immigrants on average are older than native-born Americans. For example, the average age of male native family heads was 44 compared to 51 years of age for the immigrants. Among the female family heads, the average age of the native-born was 49 compared to 58 for the immigrants. It is even more graphic if you look at the proportion of family heads that are 65 years of age or over—14 percent for the male natives compared to 30 percent for the immigrants. For female family heads, the figures are 29 percent for natives and 47 percent for immigrants. In addition, in male-headed families a higher proportion of the other family members in the immigrant than in the native families are also 65 or over. Older people are obviously more likely to be retired and thus collecting social security benefits, Supplemental Security Income, etc. So it is not surprising that an older population would be more transfer-prone. But these age differences raise two additional questions: (1) Why are the immigrants an older population? (2) If the immigrant-native difference in transfer payments is primarily due to the fact that immigrants are an older population, is the differential of concern from a policy point of view?

First of all, why are immigrants an older population? That simply has to do with the history of immigration discussed above. The age distribution of the native population is determined primarily by domestic birth and death rates. But the age distribution of immigrants is determined by the historical pattern of flows of immigrants into this country. As we have seen, these flows peaked in the late 19th and early 20th centuries. Thus, a considerably higher portion of immigrants than of natives are elderly simply because a relatively high proportion of immigrants came in the late 1800s and early 1900s. Another contributing factor is the impact of the post-World War II baby boom. A disproportionate share of the native population is relatively young because they were born during the baby boom years. But as Table 1 suggests, by 1976, no comparable upsurge in immigration for that age group had occurred. This inference is borne out in Table 3 where we see that a considerably smaller proportion of immigrant than of native heads was aged 18 to 30 in 1976 (i.e., born during the baby boom). Thus the answer to the first question of why the immigrants are an older population is simply historical accident.

What are the consequences from a policy point of view of transfer differentials that are due to such an age disparity? To the extent that it is due to this factor, a fairly strong case can be made that the higher utilization of transfer payments by immigrants does not represent a cause for concern. First, as with any investment in human capital, immigration is more profitable the earlier in the life cycle that it takes place. This is because there are more years over which to reap the returns to the investment. Since this is the case, most immigrants come to this country at a relatively young age[4] and the vast majority of the older immigrants have spent most of their working years, including their most productive years, in the United States. This means that they have already made substantial contributions to tax receipts and to contributory social insurance programs and it is not a matter of concern that as they become older they receive these transfer payments.

Second, to the extent that transfer payments to older individuals represent an intergenerational transfer from the current young population to the current older population, immigrants have their own working-age children who are making positive contributions to this system and thus in an overall sense are helping to support them.

Finally, the age distribution of immigrants can be manipulated by public policy in a beneficial manner. For example, it could be used to even out population imbalances in age composition due to fluctuations in domestic birth rates. For example, since the baby boom was followed by the baby bust of the late 1960s through the 1980s, it might make sense to import immigrants to bolster the size of the young working-age population as these smaller cohorts enter the labor market. Of course, young people may prefer to have fewer individuals entering the job market with them and thus less competition. This consideration would have to be weighed too. In any case, the age distribution of immigrants is subject to public policy and from that perspective is not a cause for concern.

Is age in fact the primary reason for the observed differences in transfer utilization? To answer that question, we first consider whether otherwise similar immigrant and native families do indeed behave similarly in terms of their transfer use. If the answer to that question is yes, then the reason for differences in transfer use between the two groups must be differences in their characteristics. The characteristics that are controlled for in testing for immigrant-native differences in behavior are (1) factors that contribute to potential labor market success, including (potential) experience, education, race and ethnic group; (2) the presence of other income and assets that would have an impact on whether or not people need to turn to transfer payments and whether they qualify for them; (3) demographic factors, such as the size and composition of families; (4) location, because, as mentioned earlier, some localities are more generous than others.

After controlling for the effects of these factors, it was found that behavioral differences between immigrants and similar native-born Americans were negligible. And, where differences did exist, they tended to favor the immigrants. Immigrants were less likely to be on welfare and collected lower welfare payments than otherwise similar natives. All else equal, receipts from welfare programs were estimated to be 59 percent lower among male-headed immigrant families and 57 percent lower among female-headed immigrant families. Holding other factors constant, immigrant families did collect slightly (2 percent) higher social insurance payments. On average, totaling the two together, for male family heads, the overall receipt of transfers were about the same for immigrant and native families, and, for female family heads, the transfer payments to immigrant families were actually 8 percent lower than to their native counterparts.

The time pattern of transfer receipts was also examined in terms of the length of time the family head had resided in the U.S. It was found that, all else equal, immigrants had lower welfare receipts at every duration of residence. That is, both recent immigrants and those who had been here for a long period of time collected lower welfare payments. Why is this the case? One possible explanation is that, as Chiswick (1978) points out, immigration tends to be selective of more highly motivated and able individuals. A simple rationale for this is that it takes more get-up-and-go if you are unhappy with your situation or simply believe you could do better elsewhere to move to a completely different society. The lower use of welfare by immigrants, all else equal, is additional evidence that they constitute a very highly motivated population. Thus, while the stereotype has developed that some people come to the United States in order to collect welfare or that immigrants are quick to fall back on public assistance, there is absolutely no support whatsoever in the data for those notions.

In contrast to the case of welfare, collection of social insurance transfers by immigrants in comparison to similar natives was found to vary with length of time in the country. When immigrants first arrive, they are less likely to collect social insurance payments than are native-born individuals. This is attributable to the fact that it takes a while to become covered—to find the types of jobs that will make you eligible for these programs and to hold the jobs for a sufficient period of time. As their length of residence increases, immigrants are more likely to qualify for social insurance programs, and thus, receipts from these programs increase to the native level and eventually go a little bit beyond that.

Since differences in immigrant-native responses to the same characteristics do not appear to account for the observed differences in transfer receipts between the two groups reported in Table 2, the transfer differential must be the result of differences in the characteristics of immigrant and native families. As expected, age-related factors were found to play the major role. Age-related factors include not only the age of the household head, him or herself, but other things that are related to their age, such as the ages of other adult family members, the presence and ages of children, etc. Among males, age-related factors were more than sufficient to account for the immigrant-native differential in welfare receipts; they explained 98 percent of the differential in social insurance receipts and 99 percent of the differential in total transfer receipts. Among female-headed families, age-related factors accounted for 55 percent of the *lower* levels of welare received by immigrants. (The opposing effect of age-related factors on the welfare receipts of male- and female-heads probably reflects the greater relative importance of Supplemental Security Income among the former and Aid to Families with Dependent Children among the latter.) Age-related factors were sufficient to explain all of the higher use of social insurance and total transfers by female-headed immigrant families.

Interestingly enough, the higher proportion of minorities and those with poor English among immigrants did not, on net, increase their use of transfers. While families headed by a member of a minority group tended to receive higher welfare payments, all else equal, their receipts from social insurance programs were lower. The latter may be due to difficulty obtaining employment in the covered sector. On balance, their total transfer receipts were lower. Families whose head did not speak or understand English well were more likely to be on welfare than otherwise similar families, but were less likely to receive payments from social insurance programs (perhaps because of difficulty getting a job in a covered sector). Among program participants, their level of receipts from both types of programs (welfare and social insurance) was lower. This somewhat surprising result may be due to the family heads' difficulty in navigating the often complex welfare/social insurance systems given his/her poor English ability. Again, the net effect was that total transfer payments to such families were lower than their native counterparts. These findings are important because they imply that even if the proportion of immigrants comprised of minorities and those with poor English skills were to increase in the future, the use of transfers by immigrants relative to the native-born would not necessarily increase.

Economic Success of Immigrants

Let us now look briefly at the other side of the coin. We've been looking at what immigrants receive from the government. We now turn to the question of what they pay to the government in the form of taxes. While information is not directly available on tax payments *per se,* economic success is a good indicator of the level of such payments. Using data from the 1970 Census, Chiswick (1978) has studied this issue extensively. He finds that, while earnings of immigrants are initially below those of similar native-born workers, they catch up to and eventually surpass their native-born counterparts in earnings. Chiswick finds that the catch-up time is about 13 years.

Using data from the 1976 Survey of Income and Education, Blau (1984) reports similar findings for wages. Her estimated catch-up time is even shorter—within 5 years. Since she controls for English-speaking ability while Chiswick does not, the Chiswick figure may be interpreted as the total time required by immigrants to catch up to natives, including the time necessary to acquire the requisite language skills. From a policy perspective this concept may be more relevant.

Regardless of which estimate of the catch-up period is used, however, the data suggest that the lifetime earnings (and consequently the lifetime tax payments) of an immigrant who spends most of his/her working life in the U.S. will most likely be higher than those of a comparable native-born individual. Of course actual tax payments will depend also on the characteristics of immigrants vs. the native-born.

However, Sehgal (1985) has shown, using data from 1983 Current Population Survey, that immigrant earnings catch up to those of the native-born in about 10 years even if personal characteristics are not controlled for.

Lest it be thought that these findings reflect the peculiarities of the contemporary situation, it is interesting to note that Blau (1980) uncovered a strikingly similar pattern for the early 1900s. Thus, the tendency of immigrants' earnings to catch up to and eventually surpass those of their native counterparts appears to be an extremely well-established empirical pattern.

It has also been found by both Blau (1980) for the early 1900s and Chiswick (1977) for 1969, that the children of immigrants are more economically successful than otherwise similar individuals who are the children of native-born parents. As discussed above, older immigrants have their own children in the U.S. who are contributing to social security and other taxes and thus helping to finance the transfer payments of older immigrants. The data actually suggest that, all else equal, they are making higher contributions than the children of natives.

Conclusion

A careful review of the evidence on transfer payments suggests that immigrants do not appear to overburden the transfer system. There is no evidence that they have done so in the past and no indication that there is any reason to be concerned about the future. Indeed, immigrants were actually found to receive lower welfare payments than otherwise similar natives, and social insurance payments that were only slightly higher. While they did receive higher transfer payments, on average, this was primarily due to their being an older population. A briefer review of the evidence regarding the economic success of immigrants suggested that the tax payments made by them and by their children are likely to equal or exceed those of the native-born.

Three qualifications regarding these findings should be borne in mind. First, the data sets surveyed to reach these conclusions most likely underrepresent illegal immigrants to an unknown extent. Yet, the inclusion of illegals is not expected to greatly alter our findings. In fact it is likely that those who are in the country illegally, while paying the taxes they owe, are less likely to collect transfer payments than the legal group. The reason for this is simply that they would not wish to draw attention to themselves; not paying taxes might do so, as might attempting to collect transfers. For example, if you were in the country illegally, would you be likely to go to the unemployment insurance office and ask for your unemployment check? Would you be likely to get involved with the welfare system and have a caseworker visiting your house? It seems probable that whatever problems illegal immigrants may cause, a higher utilization of transfer payments is most likely not one of them. However, it should be emphasized that this is speculation. To definitively answer this question, better data on the numbers, behavior patterns and characteristics of illegal immigrants is needed.

Second, we pointed out that in terms of total transfer use, families headed by minority individuals received lower payments, all else equal. However, it was also true that the welfare receipts of this group were higher and the social insurance payments were lower than comparable families headed by whites or Anglos. To the extent that policymakers may wish to distinguish between contributory social insurance programs and noncontributory welfare programs, the higher proportion of minority individuals among immigrants could then be considered a cause for concern. Nonetheless, even if this is the case, it seems more equitable to try to alter the labor market situation which prevents the minorities from getting the better jobs in sectors covered by social insurance programs than to keep out minority populations from abroad.

Third, and most seriously, there is an extremely important question that has not been addressed here: what are the consequences for native-born individuals of competition from immigrants? For example, if such competition results in higher unemployment for certain native-born groups, that could increase aggregate transfer payments, in this case those to native-born individuals. If competition from immigrants were to result in lower wages for some native-born groups, that could result in lower aggregate tax revenues. Thus, to fully address the issues considered here, we have to tackle the extremely difficult task of estimating the consequences for American workers of this competition from abroad.

NOTES

1. The statistics in the text on the origins and magnitude of immigration are from U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1985* and *Historical Statistics of the United States: Colonial Times to 1970,* Part 1.

2. This section draws upon my article, "The Use of Transfer Payments by Immigrants," *Industrial and Labor Relations Review* 37 (January 1984), pp. 222-239. I am grateful to the publisher for allowing me to summarize those results here. For an attempt to balance out the costs and benefits of immigration at an aggregate level, see Simon (1981).

3. In the interests of clarity, the traditional practice of designating the husband in a married couple family as the "head" is reluctantly followed.

4. Among immigrant heads who were 68 years of age or older in 1976, 28 percent of the men and 34 percent of the women arrived before 1920. An additional 62 percent of the men and 58 percent of the women arrived between 1920 and 1949; unfortunately, no more detailed breakdown for the 1920-1949 period is available from the Survey of Income and Education. Similarly, among immigrant heads who were 65 or older, 88 percent of the men and 91 percent of the women arrived before 1950.

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U.S. Immigration Policy
What Next?

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United States immigration policy stands at the crossroads.

We have had a remarkable and passionate debate. The Select Commission on Immigration and Refugee Policy under Father Hesburgh's chairmanship was established in October 1978 in response to growing concerns that had already entered the public policy domain. It led, in turn, to the introduction of the Simpson-Mazzoli bill into the House. After nearly three years of tortuous legislative efforts to enact it into law, Simpson-Mazzoli died in conference at the end of the 98th Congress. By that time, the bill was already weighed under by numerous compromises from its original version, reflecting the exigencies of the legislative process that prompted the witticism that there are two things you did not want to see made: laws and sausage.

If we keep in view the facts that prominent intellectuals and editorial writers threw their support behind Simpson-Mazzoli, that the bill came very close to passage, that passions have been aroused and lobbies activated, it is not surprising that the Congress has witnessed renewed efforts at immigration legislation. In fact, fears that Simpson-Mazzoli would rise again from its ashes led to early efforts by its opponents in the 99th Congress at heading off this threat. Thus, Congressman Roybal had introduced a pre-emptive Bill HR 30 and Congressman Garcia held fresh hearings on immigration policy before his Subcommittee on Census and Population, reflecting Hispanic concerns. Meanwhile, Messrs. Simpson and Mazzoli have parted company and each has sponsored new legislation aimed at immigration control, with Senator Simpson teaming up now with Congressman Rodino this time around.

We need therefore to address, as clearly as we can, the question: where do we turn at this juncture? You might be tempted to dismiss this question on the cynical ground that the intense arguments of the last few years and the strangeness of the coalitions that formed around Simpson-Mazzoli suggest that matters have gone beyond enlightened analysis. Or you may fear that by now nothing worthwhile could have been left unsaid. I hope to convince you, however, that a fresh approach can indeed be proposed. And I trust that you will share my optimism that rational discourse has its role to play in every public policy debate, no matter how contentious the issue in question.

To devise an appropriate policy, we must define desirable *objectives* and suitable *policy instruments* to achieve those objectives. As I shall argue presently, both the Select Commission and the Simpson-Mazzoli proponents shared essentially two popular objectives (i.e., reducing the flow of illegal immigrants and rescuing these and the earlier stock of illegals from an underclass status) and had two less popular policy instruments (i.e., the employer sanctions and the amnesty program) to achieve them. I shall also argue that, ironically, these two policy instruments may be expected to produce the opposite results from those desired, reminding me of Max Weber's celebrated remark about the "paradox of unanticipated consequences." And I shall propose that we now think of a wholly different approach to achieving the Simpson-Mazzoli objectives.[1]

But, before I do that, I do wish to consider at the outset why immigration has come to be regarded as a major public policy question. A delineation, and then a dispassionate examination, of the concerns that have elevated immigration reform to our attention will serve to provide me with an assessment of the worthwhileness of the Simpson-Mazzoli objectives and hence to place my changed policy approach to them into proper context.

A Litany of Concerns

The most compelling aspect of the immigration situation today is that we have a significant amount of illegal immigration. The concerns of reasonable commentators, even if the conjectures on which they proceed are often unreasonable, proceed from this central fact. And indeed, the illegality of the immigration inflow, *not* the total legal numbers admitted by us annually, occupies the center of the stage. Why?

First, it raises the specter of vast inflows from a seething mass of humanity. Imagine becoming part of Greater Mexico, or worse still, part of Greater Caribbean and Central America as well! The large numbers being bandied about on the "undocumented" aliens, the euphemism for illegal immigrants, have helped this alarmist perception. Unless we "regain control of our borders," we will be swamped. The faintly ridiculous zero population growth (ZPG) movement, which seeks to freeze population levels, has derived particular solace, and much mileage, from this cataclysmic scenario which I shall presently argue to be exaggerated.

Second, the illegality raises fear that it will breed more illegality in turn. This perception, while patently false, has been accentuated by the accounts of the Mariel Cuban immigrants' problems in Florida.

Third, closely tied to illegality is the question of ethnicity. Many of the illegal immigrants are, naturally, Hispanics who can and do simply walk across the Rio Grande. Unlike in the immigration debates which attended the first enactment of our national immigration legislation in 1921, racist arguments simply will not be tolerated today. However, the heavy bias of the illegal influx in favor of Hispanics has raised more fear of encroachment by a second language more than by a different culture. Today, the iron fist of a dominant Anglo-Saxon culture that tended to produce a homogeneous, assimilated mass of second-generation children who embraced the English language unquestioningly is no longer in evidence. The growing emphasis on ethnic diversity, and indeed pride therein, militates against the homogenization process. In this new cultural context, the Hispanic domination of the illegal influx, with threat of many more to come, creates serious concerns.[2]

Fourth, illegality of the influx has created the apprehension that a finely tuned policy of immigration, delicately balancing costs and benefits to us through careful selection of numbers and composition, is being undermined by an uncontrolled inflow that must therefore, *prima facie,* be harmful to us. This concern was especially acute during the prerecovery slump when it was feared that a tough unemployment situation was being worsened by the "peso refugees": Hispanics moving north in search of jobs as the developing countries of Latin America, especially Mexico, got mired in the slump and drowned in their debt.[3] But the concern was also acute among some that illegals would prove to be a net burden on the fiscal system, though studies commissioned by the Hesburgh Commission found little support for this presupposition.

Fifth, and finally, illegal immigration has created a humanitarian issue. The illegal aliens represent an *underclass,* often subsisting better than where they came from, but evidently in conditions and with civil rights that, because of fear of seizure and deportation, are simply not asserted enough to be a practical reality. You may have heard the story of the Jewish couple who, on complimenting the illegal-immigrant Chinese waiter in a Brooklyn Szechwan restaurant for speaking tolerable Yiddish, found the manager rushing up to them and remonstrating: "Hush, he thinks he is learning English!" It is widely believed that concern with this altruistic aspect of the immigration situation, rather than the more narrowly self-serving arguments I have detailed, led former Secretary of Labor, Ray Marshall, to persuade President Carter to adopt immigration reform as an important goal of his administration. Out of these concerns came the two principal objectives of the Select Commission and Simpson-Mazzoli. One was simply to restrict immigration, or rather the illegal component. The other was to ameliorate the deplorable conditions in which the underclass of illegal immigrants found itself.

Facts and Realities

I should emphasize immediately that the perception that we are being flooded by unusually large numbers of immigrants is not based on facts. For instance, legal immigration during 1950-1970, according to U.S. Bureau of Census data, has averaged *less than half* of the peak level during 1900-1909! If adjustment is made for the rise in population, the *reduction* in legal immigration flows is even more striking. Immigrant inflows as a percent of resident U.S. population has in fact fluctuated between less than 0.1 percent during the war years to roughly 0.2 percent during 1950-1980, with a peak of 0.35 percent during 1980 when the absolute immigration inflow was just under 800,000. If adjustment is made further for emigration—a phenomenon that partly reflects a life-cycle return of the immigrants, and which has been there since the 19th century—the figures of net immigration fall somewhat further below the absolute levels of roughly 400,000 on average through the 1970s.

Yet another striking fact, brought to our attention by Kingsley Davis, is that the proportion of foreign-born to total population in the U.S. has been *falling* steadily since 1910 until it was less than 5 percent in 1970, whereas it has risen in recent history in many countries including Australia, Switzerland, France and Sweden and, in fact, exceeds handsomely our 1970 proportion in these countries plus others such as Canada and New Zealand. For a country built on immigration, these facts suggest that our legal immigration policy has *not* been lax or overly generous in any persuasive sense.

The illegal inflow does impact on this argument, since our susceptibility to it is considered generally to be greater than in many of these countries, with the exception of France. But *not* by any means as much as the early claims in the range of 8 to 12 million suggested by Immigration and Naturalization Service (INS). These estimates, unfounded as they were, profited from a law I have formulated: that *any statistics will win against no statistics.* And these numbers came to be widely circulated. Studies prompted by the Select Commission have now dispelled the myths they created.[4] It appears that, in the late 1970s, the *stock* of illegal residents is likely to have been between 3.5 and 6 million—not more. That means that the *flow* is likely to have been substantially less, for the border has been a porous sieve for quite some time.

My own judgment, given these numbers, is that immigration reform arguments based on immigration being "too large" are implausible. Any economist familiar with the theories of the consequences of immigration must admit to a complex of positive and negative effects. With the immigration flows being such small proportions of the population and the workforce, the net economic gains or losses (if any) from these levels of immigration must shrink into relative insignificance.

I would be tempted to conclude therefore, that, at least as far as the *economic* effects of the present immigration *levels* are concerned, there should not be cause for alarm. That immigration, therefore, may be treated as a phenomenon rather than a problem. In fact, if one looks not merely at the *short-term* effects of the current recovery but also at demographic *trends* that project a labor shortage by the early decades of the next century, it is possible to contemplate with greater equanimity the fearful projections of growing streams of new immigrants from the Caribbean and Latin American countries, propelled to us by distress, disruption or simply desire.

No one can, however, *firmly* refute the grim scenarios. Doubtless, Puerto Ricans have not flooded the U.S., emptying their land. Italians have not moved *en masse* to West Germany from the poverty of the south, despite freedom of movement in the European Community. Wages are typically not equalized, even within the same country, by migration. Custom, commitment, risk-aversion, hope, family, attachment to land, financial incapacity to move: these and other economic and social factors shape and constrain outmigration to the more prosperous areas. But large movements *do* occur. Responsible immigration policy cannot be predicated on the most promising scenarios. As the financier Felix Rohatyn would put it, this would be like "betting the company."

The Two Objectives

I therefore accept, as a reasonable policy objective, the premise that we should bring illegal immigration under control.

As I have stressed already, the other Simpson-Mazzoli objective, which I happen to share with greater enthusiasm, is a social and moral one. The illegal aliens who get in, willy-nilly, past the door are indeed, despite Brusati's poignant *Bread and Chocolate,* substantially better off than where they come from. But they are at the bottom of *our* social and economic hierarchy, living in conditions that are significantly below what our moral standards require. If they live abroad in appalling conditions, exploited and destitute, distance places them beyond our view and responsibility. But in our midst, even though illegally, their condition offends our moral sensibility. The condition of the underclass cannot be ignored by a civilized society, certainly not by ours.[5]

The Simpson-Mazzoli Policy Instruments

The approach embodied in Simpson-Mazzoli, and indeed originating in the recommendations of the Select Commission, offered two policies to address these two objectives. Both policies, employer sanctions and an amnesty, were far less popular than the two objectives. For example, compelling objections to employer sanctions were raised in Hispanic circles.

As Antonia Hernandez, speaking for the Mexican American Legal Defense and Educational Fund before Representative Garcia's Subcommittee, remarked (December 9, 1982):

> Employer sanctions won't work and will discriminate . . .
>
> The ID system: I am reminded that during Father Hersberg's [*sic*] testimony in favor of H.R. 7357, he said there was nothing discriminatory with an ID system. He used an example I would like to restate here. He carries ID cards, the American Express and as Chairman of the Board of Chase Manhattan

> Bank. Those cards are symbols of prestige, of status.
>
> The ID system, any ID system to [the Hispanic] community will carry a badge of inferiority, a badge that we, each and every one of us will have to carry. We will not be able to show our American Express. We will not be able to show our American passport, or that we are on the board of a Fortune 500 company.
>
> To the members of the Hispanic community, the employer sanctions and the ID will be that badge of inferiority. We will have to prove who we are just because of the color of our skin and the accent in our speech.

I must confess that I have considerable sympathy for the Hispanic concerns. My first reaction was, of course, unsympathetic since I tended to discount the possibility of discrimination that could follow the enactment of employer sanctions much as Father Hesburgh did. My views now are somewhat changed, for I cannot discount fears that are so widespread and obviously rooted in personal experiences of the Hispanic community. But, even if there were no other objections to their enactment, employer sanctions, and indeed amnesty, together define a set of policy instruments which are unlikely to achieve the intended objectives. In fact, they may lead to exactly the opposite results from those desired! Let me argue why.

The Simpson-Mazzoli approach, as stated, rested on two policy instruments: employer sanctions and an amnesty. Employer sanctions would make it illegal to hire undocumented aliens. In eliminating the 1952 Texas proviso, the Bill in its conference committee version would have even imposed criminal penalties for persistent infractions. By "cutting off jobs" in the U.S, the Bill (and indeed the Select Commission before it) expected to eliminate the magnet that draws in the illegals and thus cripple their inflow. Coupled with the sanctions was, of course, the amnesty provision. While simultaneously expected to play the political role of lubricating Hispanic consent to the employer sanctions, its principal rationale was surely the rescue of the enormous backlog (or stock) of illegals from its underclass status. Between them, the sanctions and the amnesty would then eliminate the stock of illegals, cut deeply into their new inflow and thus achieve the desired twin objectives.

Ironically, however, these two policies are likely to *increase* the illegal inflow, and therefore, shortly thereafter, the stock as well, whereas I am afraid that the underclass status may paradoxically *worsen*.

Simply put, the problem is that employer sanctions can be expected to be ineffective (quite consistent with the possibility that, as the Hispanic community fears, they will impact adversely on the civil rights of that community through discrimination in hiring), owing to reasons which are deeply rooted in our social, political and juridical traditions. At the same time, sanctions will draw resources away from border enforcement where the numbers that daily get past our border patrol are naturally affected *somewhat* by the level of enforcement. Thus, the net result could well be, paradoxically enough, an increase in the rate of illegal immigration! At the same time, by increasing the harassment at work, employer sanctions could well increase the sense of exposure and vulnerability characteristic of the underclass status.

The ineffectiveness of employer sanctions can be safely predicted. Self-interest alone can be expected to lead the employers to oppose the INS through lobbying and litigation, draining its budget and weakening effective enforcement. Such a prospect also derives from the several, highly articulate and energetic lobbying groups of ethnic Americans who, as before this subcommittee, have in fact opposed employer sanctions strenuously. But if self-interest alone was involved in weakening the effectiveness of employer sanctions, I would be less pessimistic than I am. As it happens, morality is the more critical factor and, in this instance, only weakens further the enforceability of sanctions. Our natural instincts make it hard to collaborate in efforts to seize and deport, no matter what we think of illegal immigration in the abstract. The critical factor is that we are dealing with human beings. As the Swiss novelist Max Frisch has remarked of the *guestworkers'* experience in Western Europe: "we asked for workers but got men instead."

The intense moral dilemma posed by this fact is illustrated again and again in our experience with enforcing immigration laws. Thus, our courts have repeatedly (though not always) struck down discrimination against legal aliens, defining a civil rights tradition that is truly laudable and almost unique. But they have gone further and found in favor of even illegal aliens who, it has often been argued, have no *locus standi* in the first place in view of their illegal presence! Notable here are the celebrated Texas judgment in 1980 by Federal Judge Woodrow Seals who upheld the rights of illegal aliens' children to public education, and the 1984 Supreme Court ruling that illegal aliens are entitled to the protection of federal labor laws. A Corpus Christi, Texas jury initially acquitted Jack Elder on charges of illegally transporting aliens into the U.S. although he was later convicted in a federal court. Mr. Elder's defense was simply a moral one, i.e., that he and his associate Roman Catholic lay workers were offering sanctuary to Salvadorans fleeing political persecution![6]

Yet again, it is remarkable that in the case of the Haitian boat people, when the administration reacted to their arrival by unprecedented incarceration, it was not long before civil rights groups took up their cause, resulting in some relief and protracted legal proceedings awaiting resolution. Therefore, I would argue that the much discussed finding of the GAO that employer sanctions have not been particularly effective elsewhere,[7] even though some countries such as France and Canada have chosen subsequently to increase their reliance on them, applies with *unquestionable* force in our case.

By contrast, enhanced border enforcement has resulted in increased interceptions. Between 1965 and 1970, the seized illegals tripled to well over 300,000 annually. In recent years, the numbers have approximated as much as a million. Doubtless, this reflects increased attempts at entry. But it would be ludicrous to suggest that stepped-up enforcement by the Border Patrol, now totaling over 2,500, has played no role. Even if every intercepted alien tries to get back in again (and indeed many must, if the million annual interceptions are to be reconciled with the scaled-down illegal stock estimates suggested earlier by me), the increased rate of apprehension from more enforcement must affect *in some degree* the total numbers that successfully get through. The reduction in inflows, in this fashion, is not likely to be very substantial any more than India can hope to stem the tide of Bangladesh immigrant influx into Assam by building a fence and stepping up its enforcement along a massive, quasi-open border. But it is certainly likely to be greater than from employer sanctions, dollar for dollar.

As for the amnesty program, the other pillar of the Simpson-Mazzoli architecture, I am afraid that too is flawed. One can plausibly maintain that it could accelerate the influx, magnifying the total size of the illegal immigrant population in the foreseeable future, while increasing their underclass status. Although the numbers who seek to come across are not sensitive to small changes in relative wages, the disparities between Mexico and the U.S. being so enormous, it is probable that a dramatic improvement in wages expected here could make a noticeable difference in the numbers that do wish to try to get past the border. Unfortunately, from this viewpoint, an amnesty creates the problem that it translates an illegal status with a low associated wage into legal status with a distinct improvement in the wage earned, now and through subsequent upward mobility along the legal job ladder. Since, in economics and in public policy, bygones are rarely bygones, an amnesty now may well lead to the expectation of an amnesty again, in which case we would be encouraging more to attempt illegal entry. Then again, if Representative Garcia is right that the most liberal amnesty program that we can get through the House and enact into legislation will not legalize more than 25 percent of the suspected undocumented population currently in the United States, we face the ironic outcome that the amnesty will eventually lead to more illegal immigrants here than we rescued from that status. Caution about the small proportion that will likely secure the benefit of the amnesty is indeed well-grounded in view of the numerous constraints that afflict eligibility and the associated problems that pertain thereto.

Is it not also likely that the INS will feel compelled, once an amnesty has been offered and implemented, to "go after" and harass more intensely those who remain illegal? Those not reborn may appear the more damnable! Greater internal enforcement, with or without employer sanctions, that will probably follow the completion of the amnesty program, will only make the large numbers of present and arriving illegals more insecure, accentuating their underclass status and psychology.

A Different Approach

I propose therefore that we take an altogether different approach. In essence, *we should greatly diminish internal en-*

forcement and correspondingly increase external enforcement, i.e., at the border. As I have already stressed, border enforcement cannot *greatly* reduce, leave aside eliminate, the influx as long as we (quite correctly) seek to control the border in a way consistent with our moral sensibilities and traditions which preclude Soviet bloc-style techniques. I wish, of course, that we showed the same sensibilities where we extend economic aid and patrolling capabilities to a country which then is, *in effect,* "bribed" into taking into its own population, potential emigrants to our shores, the kind of morally offensive action that we ourselves would not take against them! Evidently, I have in mind our relationship with Haiti in this regard. But, despite our morally constrained techniques of border enforcement, such enforcement will doubtless have *some* impact.

Besides, border enforcement would be sufficiently visible to satisfy those who feel that we should be "doing more" to regain control of our border. In public policy, the advantage of such visible, symbolic action is much too understated. Where a problem is not capable of total solution, such action acquires great importance. Thus, while I believe that the late Prime Minister Indira Gandhi's decision to construct a fence along the enormous India-Bangladesh border in the State of Assam was an ineffective policy, and (before the Indian government suspended the construction owing to Bangladesh governmental protests) I had a bet with the then Governor of Assam that it would only be a matter of weeks before the fence would be selling inch by inch in the bazaars of Dacca in Bangladesh, I believe that it was nonetheless a splendid policy. For, to be seen to be doing nothing at all, even though one could not really close the border, would have been politically explosive since it would have been read as indifference or indecisiveness. And building the fence was the least disruptive way of doing nothing while appearing to be doing something!

In our instance, enhanced border enforcement will indeed produce some tangible result, for reasons I have spelled out. But it needs to be supplemented by what I believe is a more effective policy, which is indeed the "price" counterpart of the enforcement policy. It is also a policy which builds up over the long haul when the more alarming scenarios of stepped-up attempts at entry might be more relevant. This is the active encouragement of the creation of an "economic fence" at the border, by promoting investments and economic activity along the long border. This "economic fence" can then act as an incentive to step off the escalator to the United States hinterland. We need to explore actively, keeping the government of Mexico informed and in consultation, the creation of such an economic fence, envisaging something like the counterpart of "free trade zones" around the world. The economic fence would instead be a "free mobility zone" with investment benefits that attract the economic activity that would constitute the fence-principle that I envisage.[8]

As we shift our attention to the border to regulate the influx of immigrants, I would simultaneously downgrade *internal* enforcement.[9] This would include dropping the idea of employer sanctions. It would also mean going easy on INS enforcement, much as we did during the last census count. A *de facto* policy posture of this kind, which preserves the important distinction between legality and illegality while not seeking to divide the population energetically into the two categories through INS activity, would substantially reduce the unease of the illegal aliens that makes their exploitation rather easier.

This mix of policies, which puts the focus of immigration control and reform back at the border, offers the prospect therefore of getting as close to our two central and popular objectives as is possible. Mainly it requires executive action to reduce INS enforcement at home (an art, I might remark, the administration has practiced successfully with some other agencies), legislative action to increase the border enforcement budget substantially, and an active encouragement of the "free mobility zone" program I have suggested.

NOTES

1. See also my *opinion editorial* article, "Control Immigration at the Border," *Wall Street Journal,* February 1, 1985 and my testimony before Congressman Garcia at the Subcommittee on Census and Population, House Committee on Post Office and Civil Service, on March 26, 1985.

2. James Fallows, Washington editor of *The Atlantic,* has been particularly concerned with this aspect of the immigration question. See also his testimony before Congressman Garcia on March 26, 1985, *op. cit.*

3. This issue has surfaced with greater urgency in public perception recently, as the collapse in oil prices and the accentuation of the debt crisis in Mexico since January 1986 have been accompanied by a reported surge in the number of apprehensions of illegals attempting to cross the border. Thus, the *New York Times* (February 21, 1986, pp. A1 and A15) reports: "The Commissioner of the Immigration and Naturalization Service warned today that there has been a 'startling' surge of illegal aliens entering the United States from Mexico in recent months. 'We are seeing the greatest surge of people in history across our Southern border,' Commissioner Alan C. Nelson said at a news conference called to renew the agency's appeal for tougher immigration laws." In turn, the *New York Times* (February 24, 1986) renewed its call to the President to support the passage of the immigration bills before Congress, especially the employer sanctions which I discuss and reject below.

4. See, in particular, the study by the staff of the Bureau of the Census for the Select Commission, conducted by Messrs. Siegel, Passel and Robinson, and included in Appendix E of the Commission's *Final Report.*

5. Two observations are pertinent. Where we insist on treating immigrants, legal and illegal, on a par with natives, the "cost" of immigration rises relative to potential benefits. Insofar, therefore, as we reject immigrants on the ground that their immigration is harmful to us, there

is a moral-philosophical dilemma here: by insisting on equality of treatment if we admit them, we reject their entry and thus force them to live abroad in yet greater destitution (but safely distant from our view)! Next, our aversion to treating immigrants differentially from natives itself may be consonant with the way, psycho-culturally, U.S. society treats adopted children on a par with natural children. Perhaps it is not surprising that Japan, where adoption is relatively infrequent and confined generally within relatives (as in the classic case of the novelist Soseki Natsume), the attitudes towards immigrants, whose entry is severely restricted, is not exemplary whereas the United States exhibits the opposite pattern in both dimensions.

6. As of going to press, the question of sanctuary is still in the courts, arousing intense passions of the kind which I believe to be precisely what would undermine the efficacy of attempts at enforcing sanctions.

7. In August 1982, the GAO released their report: *Information on the Enforcement of Laws Regarding Employment of Aliens in Selected Countries.* The study was conducted at the request of the Senate Subcommittee on Immigration and Refugee Policy, Committee on the Judiciary. Based on questionnaire replies by 20 countries and visits to four (Canada, Germany, France and Switzerland), these latter all having some form of employer sanctions, the GAO study found that the sanctions were generally ineffective for reasons including the facts that judges were generally too lenient, regarding illegal employment as not a "serious offense." This underlines exactly the point that I am making in this lecture. See also the statement by William Anderson, director, General Government Division before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service, on The Demographic Impact of Immigration on the United States, in the presence of Congressman Garcia, on March 26, 1985.

8. Such an economic fence on the Mexican side would have the advantage that one could legally pay wages lower than the U.S. minimum wage but higher than in Mexico, and thus hold illegals back from attempting entry since slightly lower wages would be traded off against legality and Mexican residence in contrast to residence in U.S. as an underclass.

9. The irrational fascination with internal enforcement (perhaps also a puritanical reaction against those "aiding and abetting" in the violation of our "sovereign borders" and defense thereof) in preference to border enforcement is apparent also in other areas, e.g., narcotics traffic. William Safire recently wrote in the *New York Times* (February 26,

1986): "The most glaring difficulty in our war on drugs is that we have all but abandoned the front line: the border is relatively undefended. The classic bureaucratic battle between the Justice Department, which believes in tips by informants and criminal prosecutions, and the Customs Service of the Treasury Department, which tries to interdict drugs at our borders, has been won by Justice."